CHAPTER 54

An Act to grant certain duties, to alter other duties, and to amend the law relating to the National Debt and the Public Revenue, to authorise advances out of the Consolidated Fund to nationalised industries and undertakings, and to make further provision in connection with Finance. [2nd August, 1956]

Most Gracious Sovereign,

WE, Your Majesty's most dutiful and loyal subjects, the Commons of the United Kingdom in Parliament assembled, towards raising the necessary supplies to defray Your Majesty's public expenses, and making an addition to the public revenue, have freely and voluntarily resolved to give and grant unto Your Majesty the several duties hereinafter mentioned; and do therefore most humbly beseech Your Majesty that it may be enacted, and be it enacted by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

PART I

CUSTOMS, EXCISE AND PURCHASE TAX

Customs and excise

Tobacco.

1.—(1) Section three of the Finance Act, 1947 (which imposes duties of customs and excise on tobacco) shall have effect as if Parts I and II of the First Schedule to this Act were respectively substituted for Parts I and II of the First Schedule to that Act.

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(2) In the case of tobacco in respect of which it is shown to the satisfaction of the Commissioners that the increased duty chargeable by virtue of the preceding subsection has been paid, the provisions of the said section three relating to drawback shall have effect as if Part III of the First Schedule to this Act were substituted for Part III of the First Schedule to that Act.

(3) The preceding provisions of this section shall be deemed to have come into force on the eighteenth day of April, nineteen hundred and fifty-six.

Excise duty on strengthened cider and perry.

2.—(1) Any intoxicating liquor which, if of lower strength, would be cider within the meaning of the excise Acts (which includes perry) shall, if of fifteen degrees of proof or greater strength, be deemed for the purposes of those Acts to be sweets and not cider, unless it has undergone no other process than a single process of fermentation, was made from apple or pear juice which at the beginning of that process was in its natural state, and contains no ethyl alcohol derived from other materials.

(2) This section shall be deemed to have come into force on the eighteenth day of April, nineteen hundred and fifty-six, except that an excise licence shall not be deemed to have been required before the twenty-fifth day of April, nineteen hundred and fifty-six, for the making for sale or rendering sparkling of any sweets which but for this section would have been cider, nor before the eighteenth day of July, nineteen hundred and fifty-six, for the dealing wholesale by any person in any such sweets which he or a predecessor in his business had ordered before the said eighteenth day of April.

(3) For the purposes of subsection (3) of section one hundred and forty-six of the Customs and Excise Act, 1952 (which enables a licensed manufacturer of intoxicating liquor to deal in his produce at or from his premises without a dealer's licence), any sweets made before the said twenty-fifth day of April which but for this section would have been cider shall be deemed to be the produce of a licensed manufacturer if the person by whom they were made or a person succeeding him in his business obtained a licence under section one hundred and thirty-nine of that Act on or before that day.

(4) In so far as this section restricts the class of intoxicating liquor to which any retailer's on-licence or retailer's off-licence extends it shall not have effect before the first day of June, nineteen hundred and fifty-seven.

(5) The application of this section to Northern Ireland shall not be restricted by the provisions of subsection (8) of section forty-four of this Act.

Retail sales of small quantities of wines and spirits.

3. In subsection (6) of section one hundred and forty-nine of the Customs and Excise Act, 1952 (which relates to retailers' licences for the sale of intoxicating liquors), paragraphs (*c*) and (*d*) and the proviso thereto shall no longer have effect.

Customs preference on Empire goods consigned from Beira or Lourenço Marques.

4. The following subsection shall be substituted for subsection (6) of section two of the Ottawa Agreements Act, 1932 (which extends Empire preference to goods of Rhodesia and Nyasaland consigned from Beira),—

"(6) Goods shown to the satisfaction of the Commissioners to have been consigned from the port of Beira or Lourenço Marques in Portuguese East Africa and to have been grown, produced or manufactured in the Federation of Rhodesia and Nyasaland or in the Bechuanaland protectorate, or to have been consigned from the port of Lourenço Marques and to have been grown, produced or manufactured in the Union of South Africa or in Swaziland, shall be treated for the purposes of this section and of section five of the Import Duties Act, 1932, as if they had been consigned from a part of the British Empire."

Amendment of Vehicles (Excise) Act, 1949.

5.—(1) The Vehicles (Excise) Act, 1949 (in this section referred to as "the Act of 1949") shall be amended in accordance with the following provisions of this section; but subsections (2) and (3) of this section shall not come into force until the first day of January, nineteen hundred and fifty-seven.

(2) In the definition of "tower wagon" in subsection (1) of section twenty-seven of the Act of 1949, paragraph (*a*) (which restricts that definition to vehicles used for the purposes of electricity or gas undertakings or electric transport undertakings) shall be omitted.

(3) A mobile concrete mixer which, but for its conveyance of the materials used by it in mixing concrete, would be chargeable with duty as provided by subsection (3) of section five of the Act of 1949 (under which a built-in machine or contrivance is treated as burden and not as part of the weight unladen of the vehicle conveying it if that vehicle is used for conveying no other load than articles used in connection with the machine or contrivance) shall be chargeable with duty as a goods vehicle under that section as if so much of the weight of its built-in machine or contrivance as exceeds thirty hundredweight were burden and were not to be included in the weight unladen of the vehicle for the purpose of computing the amount of the duty.

(4) The power to make an order under section eleven of the Act of 1949 (which enables the Minister of Transport and Civil Aviation by order to prescribe periods of less than a year for which vehicle licences may be taken out on payment of duty at

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reduced rates) shall include power to vary or revoke an order under that section; and any such order may prescribe different periods and rates for vehicles of different descriptions.

(5) In relation to offences under the Act of 1949 section two hundred and eighty-one and subsection (1) of section two hundred and eighty-three of the Customs and Excise Act, 1952 (which respectively relate to the person by whom and the time within which proceedings may be instituted), shall not apply either as enacted or as applied by subsection (2) of section eight of the Act of 1949; but proceedings may be instituted by any local authority and, in the case of an offence under section thirteen or subsection (1) of section fifteen of that Act (which relate to the use of vehicles without a licence or proper licence),—

(*a*) no proceedings shall be instituted except by a local authority or by a constable with the consent of a local authority (which may be given on their behalf by a duly authorised officer of theirs and proved by the production of a document purporting to be the consent so given and to be signed by the officer giving it); and

(*b*) proceedings may be instituted at any time within three years from the date on which the offence was committed.

In this subsection "local authority" means the council of a county or county borough.

(6) The last foregoing subsection shall not apply to Scotland, but section eight of the Act of 1949 shall have effect in Scotland as if after subsection (6) thereof there were inserted the following subsection—

"(7) The powers referred to in subsection (2) of this section in its application to Scotland shall be deemed to include a power to institute proceedings otherwise than on indictment for any offence under section thirteen or subsection (1) of section fifteen of this Act (which relate to the use of vehicles without a licence or proper licence), and any such proceedings may be instituted at any time within three years from the date on which the offence was committed; but save as aforesaid nothing in this section shall be construed as empowering a council to institute any proceedings."

Exemption from customs duties of films produced by the United Nations.

6. If the importer of any goods, being films, film-strips, microfilms or sound recordings produced by the United Nations or one of its specialised agencies, makes an application in that behalf to the Commissioners of Customs and Excise before delivery of the goods from customs charge, the Commissioners on being furnished by the importer with a certificate issued by

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the United Nations or one of those agencies to the effect that the goods have been so produced and are of an educational, scientific or cultural character, shall remit or repay any duty of customs chargeable on the goods in respect of—

(*a*) the duties chargeable under Part I of the Import Duties Act, 1932; or

(*b*) the duties chargeable on silk or artificial silk or articles made wholly or in part of silk or artificial silk; or

(*c*) the duties chargeable under the Safeguarding of Industries Act, 1921.

Purchase tax

Charge of purchase tax on conversion of goods vehicle to passenger vehicle or the like.

7.—(1) Where a person, whether registered or required to be registered or not, makes a vehicle to which this section does not apply into one to which this section applies (hereafter in this section referred to as a "car"), purchase tax shall be charged on the wholesale value of the car unless he does so in the course of a business which ordinarily includes the manufacture of cars.

(2) There shall be set off against the tax chargeable by virtue of this section in respect of a car the amount of any tax which it is shown has been or will be paid under the provisions relating to road vehicle chassis in respect of the chassis of the car and which has not been repaid or become repayable under those provisions; and where tax is chargeable in respect of the same operation both by virtue of this section and by virtue of the provisions relating to chargeable processes, payment of the tax chargeable under either shall satisfy the charge under both.

(3) Tax chargeable by virtue of this section in respect of a car shall become due at the time when the process in respect of which the tax is chargeable is completed or at the time (if it is the earlier) when the car is first used on a public road or elsewhere or registered after the process was begun; and (subject to the last foregoing subsection) any such tax shall be payable within seven days from demand or such longer period as the Commissioners of Customs and Excise may in any case allow.

(4) The following persons shall each be accountable for tax chargeable by virtue of this section in respect of a car, that is to say the person who is the owner of the car when the tax becomes due and any person making another vehicle into the car under a contract to the order of the owner; but any person accountable as having made another vehicle into the car shall be entitled to recover any tax paid by him from the person accountable as the owner:

Provided that if, when the tax becomes due, some person other than the owner is entitled to possession of the car under

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a hire-purchase agreement, this subsection shall apply as if references to that person were substituted for references to the owner.

(5) It shall be the duty of any person who makes another vehicle into a car to inform the Commissioners of that fact forthwith, unless he is a registered person and does so in the course of a business which ordinarily includes the manufacture of cars; and a person failing to comply with this subsection shall be liable to a penalty of one hundred pounds or of three times the tax chargeable, whichever is the greater.

In this subsection, "the tax chargeable" means the amount of the tax chargeable by virtue of this section by reason of the making of another vehicle into the car, after deducting from that tax any amount to be set off against it under subsection (2) of this section.

(6) It shall be the duty of any person who makes another vehicle into a car, or who is or has been the owner of a car, or in whose name a car is or has been registered, or who is or has been entitled to possession of a car under a hire-purchase agreement, or who has possession of a car, to give to the Commissioners such information (being information which he has or can reasonably be expected to obtain) as they or any officer of customs and excise, or other person authorised in that behalf, may require for the purpose of determining whether any, and if so what, tax has become chargeable or is demandable under this section in respect of the car, and (in the case of any person who has or is entitled to possession of the car) to produce it at such place and time as may be so required; and a person failing to comply with any requirement under this subsection shall be liable to a penalty of one hundred pounds.

(7) The power to make regulations under the Vehicles (Excise) Act, 1949, as to the declaration to be made and particulars to be furnished by a person applying for a licence under that Act shall include power to require the declaration and particulars to extend to any matters relevant for the enforcement of this section; and a council shall accordingly not be required to issue a licence under that Act, where the applicant fails to comply with provisions included in the regulations by virtue of this subsection.

Notwithstanding anything in the Vehicles (Excise) Act, 1949, section thirty-five of the Finance (No. 2) Act, 1940 (which penalises false statements etc. made for the purposes of the enactments and regulations relating to purchase tax), shall have effect in relation to any such provisions as if they were contained in regulations made under Part V of the last mentioned Act.

(8) Subsections (1) and (2) of section thirty-one of the Finance (No. 2) Act, 1940 (which relate to the payment and recovery of

tax), shall apply with any necessary adaptations in relation to tax payable by virtue of this section as they apply in relation to tax payable by virtue of a chargeable process.

(9) Subject to the next following subsection, this section applies to all mechanically propelled vehicles being chargeable goods comprised in paragraph (*a*) or (*b*) of Group 35 in Part I of the Eighth Schedule to the Finance Act, 1948, (as amended by the Purchase Tax (Consolidation) Order, 1956), except bicycles and bicycle and side-car combinations.

(10) Any order of the Treasury under section twenty-one of the Finance Act, 1948, which amends Part I of the Eighth Schedule to that Act in relation to road vehicles may, in connection therewith, amend subsection (2) or (9) of this section, and for the purposes of this section may contain savings and other transitional provisions consequential on any such amendments of the said Part I or of those subsections.

(11) In this section "registered", in relation to a vehicle, means registered under the Vehicles (Excise) Act, 1949.

(12) References in this section to the Vehicles (Excise) Act, 1949, and to a council, include respectively any corresponding enactment for the time being in force in Northern Ireland and a licensing authority under any such enactment.

(13) This section shall have effect as from the first day of June, nineteen hundred and fifty-six, and shall apply in any case where the process of making another vehicle into a car is begun but not completed before that day as it applies where the whole process takes place after that day:

Provided that tax shall be treated as becoming due on the date of the passing of this Act in any case where under subsection (3) of this section it would have become due at some earlier time, and no person required by subsection (5) of this section to inform the Commissioners of the making of another vehicle into a car shall be liable to any penalty for failing to do so before that date if he does so within a reasonable time thereafter.

PART II

INCOME TAX (CHARGE OF TAX, AND GENERAL)

Charge of income tax for 1956–57.

8. Income tax for the year 1956-57 shall be charged at the standard rate of eight shillings and sixpence in the pound and, in the case of an individual whose total income exceeds two thousand pounds, at such higher rates in respect of the excess as Parliament may hereafter determine.

Relief from income tax on certain savings bank interest.

9.—(1) Where the total income of an individual for the year of assessment includes, or would but for this section include, any sums paid or credited in respect of interest on deposits with the Post Office savings bank or a seamen's savings bank, or ordinary deposits with a trustee savings bank, those sums shall be disregarded for all the purposes of the Income Tax Acts other than surtax or the furnishing of information if or in so far as they do not exceed fifteen pounds; and for this purpose the question whether or how far those sums exceed fifteen pounds shall, where by virtue of section three hundred and fifty-four of the Income Tax Act, 1952, a woman's income is deemed to be her husband's, be determined separately as regards the part of his income which is his by virtue of that section and the part which is his apart from that section.

(2) Where by virtue of the foregoing subsection the total income of an individual for any year of assessment is treated as reduced by any amount for the purposes of income tax chargeable at the standard rate, it shall for the purposes of surtax be treated as having in the first place been reduced by a like amount but having thereafter been increased by such amount as would after deduction of income tax at the standard rate for that year be equal to the amount of the reduction.

(3) Where, on the application in that behalf of any savings bank maintained under a local Act, the Treasury are satisfied, having regard to the rules to be adopted by the bank, the conditions subject to which deposits are to be accepted by it or any department to be formed by it, and such other matters as the Treasury may require to be proposed in the application, that the deposits will, if the application is granted, sufficiently correspond with ordinary deposits in a trustee savings bank to justify a certificate under this section, the Treasury may certify the bank or department for the purposes of this section, and, while the certificate is in force,—

(*a*) the interest payable on the deposits shall not exceed the rate of two and a half per cent. per annum, but the interest shall be treated for the purposes of this section as if it were such interest as is mentioned in subsection (1) of this section; and

(*b*) the deposits shall be invested with the National Debt Commissioners, and sections twenty-five to thirty-eight of the Trustee Savings Banks Act, 1954, shall apply in relation to the bank or department as they apply in relation to trustee savings banks, but subject to such modifications as the Treasury may by order provide, including, if the order so provides, a reduction of the rate which the Treasury may by order under subsection

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(2) of section twenty-seven of that Act fix as the rate of interest on receipts for the bank's or department's payments into the Fund for the Banks for Savings.

An order under this subsection shall be made by statutory instrument, which shall be subject to annulment in pursuance of a resolution of either House of Parliament, and may be varied or revoked by a subsequent order.

(4) If the Treasury at any time cease to be satisfied that a certificate under the last foregoing subsection is justified they may revoke the certificate and give such directions as they think fit for the withdrawal by the bank or department of any money standing to its credit in the books of the National Debt Commissioners.

(5) This section shall not be deemed to have required any change in the amounts deducted or repaid under section one hundred and fifty-seven (pay as you earn) of the Income Tax Act, 1952, before the sixth day of July, nineteen hundred and fifty-six.

(6) In this section "trustee savings bank" and "ordinary deposit" have the same meanings as in the Trustee Savings Banks Act, 1954, and "seamen's savings bank" means a bank maintained under section one hundred and forty-eight of the Merchant Shipping Act, 1894.

Offices and employments.

10.—(1) Schedule E shall be amended by inserting as a new paragraph 1 (the present paragraph 1 being re-numbered as paragraph 1A) the paragraph set out below, that is to say—

"1. Tax under this Schedule shall be charged in respect of any office or employment on emoluments therefrom which fall under one, or more than one, of the following Cases, namely—

Case I: where the person holding the office or employment is resident and ordinarily resident in the United Kingdom, and does not perform the duties of the office or employment wholly outside the United Kingdom in the year of assessment (and the emoluments are not excepted as foreign emoluments), any emoluments for the year of assessment;

Case II: where that person is not resident or, if resident, then not ordinarily resident in the United Kingdom (and the emoluments are not excepted as foreign emoluments), any emoluments for the year of assessment in respect of duties performed in the United Kingdom;

Case III: where that person is resident in the United Kingdom (whether ordinarily resident there or not), any

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emoluments received in the United Kingdom in the year of assessment, being emoluments either for that year or for an earlier year in which he has been resident there, and any emoluments for that year received in the United Kingdom in an earlier year;

and tax shall be charged under those Cases in accordance with the rules and on the amount stated in the Second Schedule to the Finance Act, 1956.

Subject to that Schedule, the emoluments excepted from Cases I and II as foreign emoluments are emoluments of a person not domiciled in the United Kingdom from an office or employment under or with any person, body of persons or partnership resident outside, and not resident in, the United Kingdom."

(2) Tax for the year 1956-57 or any subsequent year of assessment shall not be chargeable in respect of emoluments of an office or employment under Case V of Schedule D nor under any provision of Schedule E except the new paragraph 1.

(3) Where a dispute arises under the said paragraph 1 whether a person is or has been ordinarily resident or domiciled in the United Kingdom, the question shall be referred to and determined by the Commissioners of Inland Revenue; but any person who is aggrieved by their decision on the question may, by notice in writing to that effect given to them within three months from the date on which notice of the decision is given to him, make an application to have the question heard and determined by the Special Commissioners, and where an application is so made, the Special Commissioners shall hear and determine the question in like manner as an appeal made to them against an assessment under Schedule D, and all the provisions of the Income Tax Acts relating to such an appeal (including the provisions relating to the statement of a case for the opinion of the High Court on a point of law) shall apply accordingly with any necessary modifications.

(4) The charge to tax under Case III of Schedule E shall be disregarded for the purpose of the references to that Schedule in the following provisions of the Income Tax Act, 1952 (being provisions which refer to emoluments chargeable or assessable under that Schedule in defining the scope of another charge to tax), that is to say, subsection (5) of section two hundred and forty-two and subsection (4) of section three hundred and eighty-seven.

(5) References in the Income Tax Acts to Cases I, II and III of Schedule E shall be taken as referring to the Cases under which tax is chargeable under paragraph 1 of that Schedule as amended by this section.

Residence of persons working abroad.

11.—(1) Where a person works full-time in one or more of the following, that is to say, a trade, profession, vocation, office or employment, and the condition mentioned in the next following subsection is satisfied, the question whether he is resident in the United Kingdom shall be decided without regard to any place of abode maintained in the United Kingdom for his use.

(2) The said condition is that no part of the trade, profession or vocation is carried on in the United Kingdom and all the duties of the office or employment are performed outside the United Kingdom.

(3) Where an office or employment is in substance one of which the duties fall in the year of assessment to be performed outside the United Kingdom there shall be treated for the purposes of this section as so performed any duties performed in the United Kingdom the performance of which is merely incidental to the performance of the other duties outside the United Kingdom.

Relief from tax on delayed remittances of overseas income.

12.—(1) A person charged or chargeable for any year of assessment in respect of income from any source with tax which (apart from this section) falls to be computed under Case IV or V of Schedule D, or under Case III of Schedule E, on the amount of income received in the United Kingdom in the basis year for that year of assessment, may claim that the following provisions of this section shall apply, on showing that the following conditions are satisfied, that is to say—

(*a*) that of the income so received all or part arose before the basis year but he was unable to transfer it to the United Kingdom before that year; and

(*b*) subject to the next following subsection, that that inability was due to the laws of the territory where the income arose, or to executive action of its government, or to the impossibility of obtaining foreign currency in that territory; and

(*c*) that the inability was not due to any want of reasonable endeavours on his part.

(2) For the purposes of this section, where in any year of assessment a person is granted a pension or increase of pension retrospectively, the amount paid in respect of any previous year of assessment by virtue of the grant shall be treated as income arising in that previous year, whenever it is paid, and he shall be treated as having possessed the source of income from the time as from which the grant has effect; and paragraph (*b*) of the foregoing subsection shall not apply in relation to any amount so paid, except as respects the period after it becomes payable.

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(3) Where a person claims that the provisions of this section shall apply for any year of assessment as respects the income from any source, then for purposes of income tax—

(*a*) there shall be deducted from the income received in the United Kingdom in the basis year for that year the amount as respects which the conditions in paragraphs (*a*), (*b*) and (*c*) of subsection (1) of this section are satisfied, so far as applicable; but

(*b*) the part (if any) of that amount arising in each previous year of assessment shall be treated as if it were income received in the United Kingdom in the basis year for that previous year.

(4) Nothing in this section shall alter the year which is to be taken as the basis year for computing tax chargeable for any year of assessment under Case IV or V of Schedule D, and where under paragraph (*b*) of the last foregoing subsection income is treated as received in the United Kingdom in a year which is the basis year for two years of assessment, it shall not by reason thereof be taken into account except in the year in which it arose.

(5) Where a person makes a claim under this section for any year of assessment as respects income from any source chargeable under the said Case IV or V, and that year is the basis year for computing the tax with which he is chargeable on the income from that source both for that and for the succeeding year of assessment, tax shall not be chargeable for either of those years of assessment on the amount referred to in paragraph (*a*) of subsection (3) of this section (without however being charged a second time by virtue of paragraph (*b*) of that subsection).

(6) No claim under this section shall be made in respect of any income more than six years after the end of the year of assessment in which the income is received in the United Kingdom.

(7) There shall be made all such adjustments, whether by way of repayment of tax, additional assessment or otherwise, as may be necessary to give effect to this section, and notwithstanding anything in the Income Tax Act, 1952, any adjustment to give effect to a claim under this section may be made at any time.

(8) The provisions of the Sixth Schedule to the Income Tax Act, 1952, shall apply to any claim made under this section:

Provided that—

(*a*) any such claim shall be made in such form as the Commissioners of Inland Revenue may direct and shall be delivered to the surveyor;

(*b*) where the surveyor objects to any such claim it shall be heard and determined by the Commissioners concerned

in like manner as in the case of an appeal against an assessment under Schedule D, and the provisions of the Income Tax Act, 1952, relating to the statement of a case for the opinion of the High Court on a point of law shall apply;

(*c*) any such claim to which objection is made shall, if the claimant so elects when he makes the claim, be heard and determined by the Special Commissioners, and paragraph (*b*) of this proviso shall have effect accordingly.

(9) A person's executors or administrators may make any claim under this section which he might have made, if he had not died, and after a person's death—

(*a*) any tax paid by him and repayable by virtue of a claim under this section (whoever made the claim) shall be repaid to his executors or administrators; and

(*b*) any additional tax chargeable by virtue of such a claim shall be assessed and charged upon his executors or administrators and shall be a debt due from and payable out of his estate.

(10) In this section "basis year" means, in relation to tax chargeable for any year of assessment under Case IV or V of Schedule D in respect of income from any source, the year by reference to which the amount of the income chargeable finally falls to be computed, and in relation to tax chargeable for any year of assessment under Case III of Schedule E, means that year of assessment; and any reference in this section to a source of income includes a part of a source.

(11) A claim may be made under this section as respects income received in the United Kingdom in the year 1951-52 or any subsequent year of assessment.

Relief for contributions to House of Commons Members' Fund.

13. The following subsection shall be substituted for subsection (1) of section three hundred and eighty-five of the Income Tax Act, 1952 (which excludes relief in respect of contributions to the House of Commons Members' Fund):—

"(1) The salary of a member of the House of Commons shall for all the purposes of the Income Tax Acts be treated as reduced by the amounts deducted in pursuance of section one of the House of Commons Members' Fund Act, 1939; but a member shall not by reason of any such deduction be entitled to relief under any other provision of this Act.

In this subsection the reference to salary shall be construed as mentioned in subsection (3) of the said section one, the reference to amounts deducted includes a reference to amounts required to be set aside under that subsection, and 'deduction' shall be construed accordingly".

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Victoria Cross.

14. Annuities and additional pensions paid to holders of the Victoria Cross by virtue of holding that award shall be disregarded for all the purposes of the Income Tax Acts.

Suspension of investment allowances (with certain exceptions).

15.—(1) Subject to the provisions of this section, subsections (2) to (5) of section sixteen of the Finance Act, 1954 (which provide for giving investment allowances in respect of capital expenditure on certain new assets), shall not apply to expenditure incurred after the seventeenth day of February, nineteen hundred and fifty-six, and before such date as Parliament may hereafter determine.

(2) Notwithstanding subsection (1) of this section, investment allowances under Chapter II of Part X of the Income Tax Act, 1952, shall continue to be made in respect of expenditure incurred after the said seventeenth day of February on the provision of ships.

(3) Notwithstanding subsection (1) of this section, investment allowances shall also continue to be made under Chapters I and II of the said Part X in respect of expenditure incurred after the said seventeenth day of February on industrial buildings or structures, or on machinery or plant, in so far as the expenditure consists—

(*a*) of expenditure incurred in adding, to any building, structure, machinery or plant in the United Kingdom which is or has been already in use, any insulation against loss of heat; or

(*b*) of expenditure incurred on providing, by way of modification or replacement of plant in the United Kingdom which is or has been already in use, plant of any description prescribed for this purpose in the interests of fuel economy.

(4) The descriptions of plant to which paragraph (*b*) of the last foregoing subsection is to apply shall be prescribed by orders made by the Treasury and, in addition to prescribing descriptions of plant to which the paragraph is to apply with effect from the eighteenth day of the said month, orders so made may from time to time, as respects expenditure incurred after the coming into force of the order, prescribe further descriptions of plant, or vary any description prescribed by a previous order; and any such order may, in the case of ancillary plant included in the prescribed descriptions and of other plant so included the use of which may or may not be related to fuel economy, provide that it shall be so included subject to conditions imposed by the order in the interests of fuel economy.

Subsection (2) of section two hundred and seventy-nine of the Income Tax Act, 1952 (which treats as incurred on the commencement of a trade expenditure previously incurred for the purposes of the trade), shall not apply for the purposes of any such order.

(5) The power to make orders under the last foregoing subsection shall be exercisable by statutory instrument, which shall be subject to annulment by resolution of the Commons House of Parliament.

(6) Notwithstanding subsection (1) of this section, investment allowances shall also continue to be made by virtue of subsection (5) of section sixteen of the Finance Act, 1954 (which relates to expenditure incurred for the purposes of husbandry or forestry), in respect of expenditure incurred after the said seventeenth day of February in adding to any building or structure which is or has been already in use, and in which artificial heating is regularly used for the purposes of husbandry or forestry, any insulation against loss of heat.

(7) This section shall not affect the application of subsections (2) to (5) of section sixteen of the Finance Act, 1954, to any expenditure in so far as it consists (and is stated in the certificate required by subsection (7) of that section to consist) of sums payable under a contract entered into on a date (to be specified in that certificate) not later than the said seventeenth day of February.

(8) This section shall have effect for the year 1955-56 as well as subsequent years of assessment, and in relation to the profits tax shall have effect for accounting periods ending before or at the commencement of this Act (but after the said seventeenth day of February) as well as accounting periods ending after that commencement.

Capital allowances for industrial buildings (expenditure on cutting, tunnelling, etc.).

16.—(1) In relation to allowances and charges for the year 1956-57 and subsequent years of assessment, paragraph (*b*) of subsection (1) of section two hundred and seventy-eight of the Income Tax Act, 1952 (which provides that expenditure incurred on preparing, cutting, tunnelling or levelling land is not to be treated for the purpose of Chapter I of Part X of that Act as expenditure incurred on the construction of a building or structure), shall not apply.

(2) In the case of a building or structure first used before the sixth day of April, nineteen hundred and fifty-six, the provisions of the Income Tax Acts relating to allowances and charges under the said Chapter I other than investment or initial allowances shall have effect subject to the following provisions, that is to say,—

(*a*) where the expenditure incurred on the construction of the building or structure consisted in part of expenditure in respect of which no annual allowance could be made under that Chapter except by virtue of subsection (1) of this section, the said provisions shall apply to that part of the expenditure separately from

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the remainder, and to the remainder separately from that part, as if each had been incurred on a different building or structure from the other, and the necessary apportionments shall be made accordingly of any sale, insurance, salvage or compensation moneys or other relevant sums; and

(*b*) in relation to that part of the expenditure, but not in relation to the remainder, the appointed day for the purposes of any reference thereto in the said Chapter I shall be the said sixth day of April, nineteen hundred and fifty-six:

Provided that nothing in this subsection shall apply to premises in relation to which the said appointed day is postponed to the said sixth day of April or to a later day by subsection (2) of section two hundred and seventy-seven of the Income Tax Act, 1952 (which made provision for the temporary continuance of certain pre-1946 allowances).

(3) Where capital expenditure is or has been incurred on preparing, cutting, tunnelling or levelling land for the purposes of preparing the land as a site for the installation of machinery or plant, and apart from this subsection no allowance could be made in respect of that expenditure under Chapter I or II of Part X of the Income Tax Act, 1952, then in relation to allowances and charges for the year 1956-57 and subsequent years of assessment, as regards that expenditure—

(*a*) the machinery or plant shall be treated for the purposes of the said Chapter I as a building or structure (whether or not it would be so treated apart from this subsection); and

(*b*) subsection (1) of section two hundred and seventy-six (which provides, among other things, that allowances shall not be made under the said Chapter I in respect of expenditure on a building or structure if allowances can be made under Chapter II in respect of the same or other expenditure on it) shall apply with the omission of the reference to Chapter II:

Provided that as regards expenditure to which the said Chapter I is applied by this subsection, the appointed day, for the purposes of any reference thereto in the said Chapter I except in section two hundred and sixty-five (which relates to initial allowances), shall be the sixth day of April, nineteen hundred and fifty-six.

(4) This section shall not affect allowances for the year 1956-57 or any subsequent year of assessment in so far as they consist of amounts carried forward from any year of assessment before the year 1956-57.

Capital allowances for expenditure on dredging.

17.—(1) Subject to the provisions of this section, where a person for the purposes of any qualifying trade carried on by him incurs capital expenditure on dredging, and either the trade consists of the maintenance or improvement of the navigation of a harbour, estuary or waterway or the dredging is for the benefit of vessels coming to, leaving or using any dock or other premises occupied by him for the purposes of the trade, then there shall be made in respect of the expenditure to the person for the time being carrying on the trade—

(*a*) for the first relevant year of assessment, an initial allowance equal to one-tenth of the expenditure; and

(*b*) for that and each subsequent year of assessment (until the allowances made under this section in respect of the expenditure equal the amount of the expenditure), an annual allowance equal to one-fiftieth of the expenditure.

(2) If the trade is permanently discontinued in any year of assessment, then for that year there shall be made to the person last carrying on the trade, in addition to any other allowance made to him, an allowance equal to the amount of the expenditure less the allowances made in respect of it under the foregoing subsection for that and previous years of assessment.

(3) For the purposes of this section, a trade shall not be treated by virtue of section nineteen of the Finance Act, 1953, as permanently discontinued on a change in the persons engaged in carrying it on; but, subject to section seventeen of the Finance Act, 1954 (which relates to company reconstructions, etc.), where a trade is sold, it shall be treated for those purposes as having been permanently discontinued at the time of the sale, unless the sale is such a sale as is specified in section three hundred and twenty-seven of the Income Tax Act, 1952 (which relates to certain sales not made at arm's length and to certain sales made with a view to a tax benefit).

(4) Any allowance under this section shall be made in charging the profits or gains of the trade, and if different persons are charged in respect of the trade for different parts of any year of assessment, any annual allowance for that year shall be apportioned between them in proportion to the length of the periods for which they are so charged, but, if it is the first relevant year of assessment, any initial allowance shall be made to the person first carrying on the trade in the year.

(5) Where expenditure is incurred partly for the purposes of a qualifying trade and partly for other purposes, subsection (1) of this section shall apply to so much only of that expenditure as on a just apportionment ought fairly to be treated as incurred for the purposes of that trade.

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(6) In this section "qualifying trade" means any trade or undertaking which, or a part of which, complies with any of the following conditions, that is to say:—

(*a*) the condition that it consists of the maintenance or improvement of the navigation of a harbour, estuary or waterway; or

(*b*) any condition set out in the provisions of subsection (1) of section two hundred and seventy-one of the Income Tax Act, 1952 (which defines an industrial building or structure);

but where part only of a trade or undertaking complies with those conditions, subsection (5) of this section shall apply as if the part which does and the part which does not comply were separate trades.

(7) Where a person incurs capital expenditure for the purposes of a trade or part of a trade not yet carried on by him but with a view to carrying it on, or incurs capital expenditure in connection with a dock or other premises not yet occupied by him for the purposes of a qualifying trade but with a view to so occupying the dock or premises, the foregoing provisions of this section shall apply as if he had been carrying on the trade or part of the trade or occupying the dock or premises for the purposes of the qualifying trade, as the case may be, at the time when the expenditure was incurred.

(8) For the purposes of this section, the first relevant year of assessment, in relation to expenditure incurred by any person, is the year in his basis period for which he incurs the expenditure or, in the case of expenditure for which allowances are to be made by virtue of subsection (7) of this section, the first year of assessment in his basis period for which he both carries on the trade or part of the trade for the purposes of which the expenditure was incurred and occupies for the purposes of that trade or part of the trade the dock or other premises in connection with which it was incurred.

(9) For the purposes of this section, section three hundred and thirty-two of the Income Tax Act, 1952, shall not apply; but where a person contributes a capital sum to expenditure on dredging incurred by another person, he shall be treated as incurring capital expenditure on that dredging, and capital expenditure incurred by any person shall not be treated as incurred for the purposes of any trade carried on or to be carried on by him in so far as it has been or is to be met directly or indirectly by the Crown or by any government or public or local authority, whether in the United Kingdom or elsewhere, or by capital sums contributed by any other person for purposes other than those of that trade.

(10) In this section " dredging " does not include things done otherwise than in the interests of navigation, but (subject to that) includes the removal of anything forming part of or projecting from the bed of the sea or of any inland water, by whatever means it is removed and whether or not at the time of removal it is wholly or partly above water; and this section shall apply to the widening of an inland waterway in the interests of navigation as it applies to dredging.

(11) No allowance shall be made by virtue of this section in respect of any expenditure if for the same or any previous or subsequent year of assessment an allowance is or can be made in respect of it under any of the provisions of Chapter I or II of Part X of the Income Tax Act, 1952.

(12) Subject to the provisions of this section, the Income Tax Acts shall have effect, and this section shall be construed, as if it were contained in Part X of the Income Tax Act, 1952.

(13) The foregoing provisions of this section shall have effect only for the year 1956-57 and subsequent years of assessment, but for that purpose shall apply in relation to expenditure incurred and other things done before as well as after the beginning of the year 1956-57:

Provided that in determining the allowances to be made in respect of any expenditure so incurred there shall be deemed to have been made all such allowances (other than initial allowances) as could have been made if this section had always had effect.

(14) The Eighth Schedule to the Finance Act, 1947, shall have effect as if allowances under this section were included among the allowances referred to in sub-paragraph (1) of paragraph 1 of that Schedule (which lists certain income tax allowances which are to be made also for the purposes of the profits tax).

Further continuation of mills, factories allowances.

18.—(1) The Income Tax Acts shall have effect, and be deemed always to have had effect, as if in subsection (2) of section seven of the Income Tax Act, 1945 (which provides that the allowances under section fifteen of the Finance Act, 1937, in respect of mills, factories and other similar premises shall cease in all cases after the year 1955-56), for the words " the next nine years of assessment " there had in both places been substituted the words " the next twelve years of assessment ".

(2) The reference in this section to section seven of the Income Tax Act, 1945, shall be construed as referring to that section as set out in Part I of the Eleventh Schedule to the Income Tax Act, 1952.

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Relief from surtax for estate duty on accrued income.

19.—(1) Where any income, having accrued before the death of any person, is taken into account both—

(*a*) in estimating the principal value of an estate for the purposes of any estate duty payable on his death; and

(*b*) in ascertaining for the purposes of Part XIX of the Income Tax Act, 1952, the residuary income of his estate for any year of assessment,

that residuary income shall be treated as reduced, by an amount calculated in accordance with the following provisions of this section, in ascertaining the liability to surtax of any person having an absolute interest in the residue of that or any other estate or part thereof.

(2) The amount of the reduction shall be an amount which, after deduction of income tax at the standard rate for the said year of assessment, would equal the amount of estate duty payable in respect of so much of the income taken into account as mentioned in the foregoing subsection as exceeds any liabilities so taken into account.

(3) The amount of estate duty payable in respect of any income taken into account in estimating the principal value of an estate shall be taken to be an amount which bears the same proportion to the total duty payable in respect of that estate as the amount of the income bears to the principal value of that estate, subject however to any correction falling to be made under the next following subsection.

(4) The said proportion shall be corrected by adding to or subtracting from the amount of the total duty such amounts (if any) as may be necessary to adjust the amount of the total duty to what it would have been if—

(*a*) duty on all the property taken into account in estimating the principal value of the estate had been payable at the highest rate at which duty on any of that property was payable; and

(*b*) no duty had been payable on any property not so taken into account;

and, where the estate includes an interest in expectancy and duty in respect of that interest is not paid with the duty in respect of the rest of the estate, by excluding from the total duty the duty payable in respect of the interest when it falls into possession, and from the principal value of the estate the value of that interest.

(5) The amount of any income accruing before the death of any person and taken into account in estimating the principal value of an estate shall (whether or not the income was valued separately or its amount known at the date of the death) be

taken to be the actual amount so accruing less income tax at the standard rate for the year of assessment in which the death occurred.

(6) The amounts agreed between the persons accountable for estate duty and the Commissioners of Inland Revenue (or, as respects estate duty payable under the law of Northern Ireland, the Ministry of Finance for Northern Ireland), or determined in proceedings between them, as being respectively the principal value of an estate and the amount of any estate duty payable shall be conclusive for the purposes of this section; and evidence of those amounts and of any facts relevant to their computation may be given by the production of a document purporting to be a certificate from those Commissioners or, as the case may be, that Ministry.

(7) In this section—

(*a*) references to estate duty payable include references to any estate duty that would have been payable but for any relief in respect of duty payable under the law of any country outside the United Kingdom, other than relief given by way of allowance from the value of any property; and

(*b*) references to liabilities taken into account in ascertaining the amount of the residuary income of an estate include references to liabilities allowed or allowable in computing its aggregate income.

(8) This section shall be construed as if contained in Part XIX of the Income Tax Act, 1952.

(9) This section shall have effect as respects tax for the year 1956-57 and subsequent years of assessment.

Power to obtain information as to fees, commissions, etc.

20.—(1) Every person carrying on a trade or business shall, if required to do so by notice from the surveyor, make and deliver to the surveyor a return of all payments of any kind specified in the notice made during a period so specified, being—

(*a*) payments made in the course of the trade or business, or of such part of the trade or business as may be specified in the notice, for services rendered by persons not employed in the trade or business, or

(*b*) payments for services rendered in connection with the formation, acquisition, development or disposal of the trade or business, or any part of it, by persons not employed in the trade or business, or

(*c*) periodical or lump sum payments made in respect of any copyright.

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(2) Every body of persons carrying on any activity which does not constitute a trade or business shall, if required to do so by notice from the surveyor, make and deliver to the surveyor a return of all payments of a kind specified in the notice made during a period so specified, being—

(*a*) payments made in the course of carrying on the activity, or such part of the activity as may be specified in the notice, for services rendered by persons not employed by the said body of persons, or

(*b*) periodical or lump sum payments made in respect of any copyright.

(3) A return required under either of the foregoing subsections shall, if the trade or business or other activity is carried on by an unincorporated body of persons, be made and delivered by the person who is or performs the duties of secretary of the body, and the notice shall be framed accordingly.

(4) A return under the foregoing provisions of this section shall give the name of the person to whom each payment was made, the amount of the payment and such other particulars (including particulars as to the services or rights in respect of which the payment was made, the period over which any services were rendered and any business name and any business or home address of the person to whom payment was made) as may be specified in the notice.

(5) No person shall be required under the foregoing provisions of this section to include in a return—

(*a*) particulars of any payment from which income tax is deductible, or

(*b*) particulars of payments made to any one person where the total of the payments to that person which would otherwise fall to be included in the return does not exceed fifteen pounds, or

(*c*) particulars of any payment made in a year of assessment ending more than three years before the service of the notice requiring him to make the return.

(6) A person who fails to deliver, within the time limited in any notice served on him under this section, a true and correct return which he is required by the notice to deliver shall be liable to a penalty not exceeding fifty pounds and, after judgment has been given for that penalty, to a further penalty of the like amount for every day during which the failure continues.

(7) In this section—

(*a*) references to payments for services include references to payments in the nature of commission of any kind and references to payments in respect of expenses

incurred in connection with the rendering of services, and

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(*b*) references to the making of payments include references to the giving of any valuable consideration;

and the requirement imposed by subsection (4) of this section to state the amount of a payment shall, in relation to any consideration given otherwise than in the form of money, be construed as a requirement to give particulars of the consideration.

(8) This section shall apply to payments made on or after the sixth day of April, nineteen hundred and fifty-six.

Place of assessment under Schedule D.

21.—(1) The Commissioners of Inland Revenue may direct that persons chargeable under Schedule D in respect of a trade, profession or vocation which falls within a class of activity specified in the direction shall be assessable and chargeable in respect of that trade, profession or vocation in a division named in the direction, or in one of two or more divisions so named, and such persons may be assessed and charged accordingly.

(2) A direction under this section may be expressed to be for particular years of assessment or may be without limit of time and may be varied or withdrawn at any time as respects future years of assessment.

PART III

INCOME TAX (RETIREMENT AND OTHER ANNUITIES)

Retirement annuities and related matters

Retirement annuities (relief for premiums, and earned income relief).

22.—(1) Where, in the year 1956-57 or any subsequent year of assessment, an individual—

(*a*) is (or would but for an insufficiency of profits or gains be) chargeable to tax in respect of relevant earnings from any trade, profession, vocation, office or employment carried on or held by him; and

(*b*) pays a premium or other consideration under an annuity contract for the time being approved by the Commissioners of Inland Revenue as having for its main object the provision for the individual of a life annuity in old age (hereafter in this Part of this Act referred to as "a qualifying premium");

then relief from tax may be given in respect of the qualifying premium under the next following section, and any annuity payable to the same or another individual shall be treated as earned income of the annuitant to the extent to which it is payable in return for any amount on which relief is so given.

(2) Subject to the next following subsection, the Commissioners shall not approve a contract unless it appears to them to satisfy

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the conditions that it is made by the individual with a person lawfully carrying on in the United Kingdom the business of granting annuities on human life, and that it does not—

(*a*) provide for the payment by that person during the life of the individual of any sum except sums payable by way of annuity to the individual; or

(*b*) provide for the annuity payable to the individual to commence before he attains the age of sixty or after he attains the age of seventy; or

(*c*) provide for the payment by that person of any other sums except sums payable by way of annuity to the individual's widow or widower and any sums which, in the event of no annuity becoming payable either to the individual or to a widow or widower, are payable to the individual's personal representatives by way of return of premiums, by way of reasonable interest on premiums or by way of bonuses out of profits; or

(*d*) provide for the annuity, if any, payable to a widow or widower of the individual to be of a greater annual amount than that paid or payable to the individual; or

(*e*) provide for the payment of any annuity otherwise than for the life of the annuitant;

and that it does include provision securing that no annuity payable under it shall be capable in whole or in part of surrender, commutation or assignment.

(3) The Commissioners may, if they think fit, and subject to any conditions they think proper to impose, approve a contract otherwise satisfying the foregoing conditions, notwithstanding that the contract provides for one or more of the following matters, that is to say,—

(*a*) for the payment after the individual's death of an annuity to a dependant not the widow or widower of the individual;

(*b*) for the payment to the individual of an annuity commencing before he attains the age of sixty, if the annuity is payable on his becoming incapable through infirmity of mind or body of carrying on his own occupation or any occupation of a similar nature for which he is trained or fitted;

(*c*) if the individual's occupation is one in which persons customarily retire before attaining the age of sixty, for the annuity to commence before he attains that age (but not before he attains the age of fifty);

(*d*) for the annuity payable to any person to continue for a term certain (not exceeding ten years), notwithstanding his death within that term, or for the annuity

payable to any person to terminate, or be suspended, on marriage (or remarriage) or in other circumstances;

(*e*) in the case of an annuity which is to continue for a term certain, for the annuity to be assignable by will, and in the event of any person dying entitled to it, for it to be assignable by his personal representatives in the distribution of the estate so as to give effect to a testamentary disposition, or to the rights of those entitled on intestacy, or to an appropriation of it to a legacy or to a share or interest in the estate.

(4) So much of subsection (1) of this section as provides that an annuity shall be treated, in whole or in part, as earned income of the annuitant shall apply only in relation to the annuitant to whom the annuity is made payable by the terms of the contract.

(5) The foregoing provisions of this section shall apply in relation to a contribution under a trust scheme approved by the Commissioners of Inland Revenue as they apply in relation to a premium under an annuity contract so approved, with the modification that, for the condition as to the person with whom the contract is made, there shall be substituted a condition that the scheme—

(*a*) is established under the law of any part of, and administered in, the United Kingdom; and

(*b*) is established for the benefit of individuals engaged in or connected with a particular occupation (or one or other of a group of occupations), and for the purpose of providing retirement annuities for them, with or without subsidiary benefits for their families or dependants; and

(*c*) is so established under irrevocable trusts by a body of persons comprising or representing a substantial proportion of the individuals so engaged in the United Kingdom, or of those so engaged in England, Wales, Scotland or Northern Ireland;

and with the necessary adaptations of other references to the contract or the person with whom it is made; and exemption from income tax shall be allowed in respect of income derived from investments or deposits of any fund maintained for the purpose aforesaid under a scheme for the time being approved under this subsection.

(6) The Commissioners may at any time, by notice in writing given to the persons by and to whom premiums are payable under any contract for the time being approved under this sec-

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tion, or to the trustees or other persons having the management of any scheme so approved, withdraw that approval on such grounds and from such date as may be specified in the notice.

(7) For the purposes of this Part of this Act, a married woman's relevant earnings shall not be treated as her husband's relevant earnings, notwithstanding that her income chargeable to tax is treated as his income.

(8) Subject to the last foregoing subsection, "relevant earnings" in relation to any individual means for the purposes of this Part of this Act any income of his chargeable to tax for the year of assessment in question, being either—

(*a*) income arising in respect of remuneration from an office or employment of profit held by him other than a pensionable office or employment; or

(*b*) income from any property which is attached to or forms part of the emoluments of any such office or employment of profit held by him; or

(*c*) income which is chargeable under Schedule B or Schedule D and is immediately derived by him from the carrying on or exercise by him of his trade, profession or vocation either as an individual or, in the case of a partnership, as a partner personally acting therein; or

(*d*) income treated as earned income by virtue of paragraph (*d*) (which relates to patent rights) of subsection (2) of section five hundred and twenty-five of the Income Tax Act, 1952;

but does not include any remuneration as director of an investment company (as defined in section two hundred and fifty-seven of the Income Tax Act, 1952) of which he is a controlling director (as defined in subsection (1) of section three hundred and ninety of that Act).

(9) For the purposes of this Part of this Act, an office or employment is a pensionable office or employment if, and only if, service in it is service to which a sponsored superannuation scheme relates (not being a scheme under which the benefits provided in respect of that service are limited to a lump sum payable on the termination of the service through death or disability before the age of seventy or some lower age); but references to a pensionable office or employment apply whether or not the duties are performed wholly or partly in the United Kingdom or the holder is chargeable to tax in respect of it.

Service in an office or employment shall not for the purposes of this definition be treated as service to which a sponsored superannuation scheme relates by reason only of the fact that

the holder of the office or employment might (though he does not) participate in the scheme by exercising or refraining from exercising an option open to him by virtue of that service.

(10) In the last foregoing subsection " a sponsored superannuation scheme " means a scheme or arrangement relating to service in particular offices or employments and having for its object or one of its objects to make provision in respect of persons serving therein against future retirement or partial retirement, against future termination of service through death or disability, or against similar matters, being a scheme or arrangement under which any part of the cost of the provision so made is or has been borne otherwise than by those persons by reason of their service (whether it is the cost or part of the cost of the benefits provided, or of paying premiums or other sums in order to provide those benefits, or of administering or instituting the scheme or arrangement); but for this purpose a person shall be treated as bearing by reason of his service the cost of any payment made or agreed to be made in respect of his service, if that payment or the agreement to make it is treated under the Income Tax Acts as increasing his income, or would be so treated if he were chargeable to tax under Case I of Schedule E in respect of his emoluments from that service.

(11) Nothing in sections four and six of the Policies of Assurance Act, 1867 (which put on assurance companies certain obligations in relation to notices of assignment of policies of life assurance), shall be taken to apply to any contract approved under this section.

Nature and amount of relief for qualifying premiums.

23.—(1) Where relief is to be given under this section in respect of any qualifying premium paid by an individual, the amount of that premium shall be deducted from or set off against his relevant earnings for the year of assessment in which the premium is paid:

Provided that the amount which may be deducted or set off in any year of assessment (whether in respect of one or more qualifying premiums) shall not be more than the sum of seven hundred and fifty pounds, nor more than one-tenth of his net relevant earnings for that year, and, where the condition in paragraph (*a*) of subsection (1) of the last foregoing section is satisfied as respects part only of that year, then for the said sum of seven hundred and fifty pounds there shall be substituted the sum which bears to it the same proportion as that part bears to the whole year (but so that in the case of individuals holding a pensionable office or employment, and of individuals born in or before the year nineteen hundred and fifteen, this proviso shall have effect subject to the provisions of the Third Schedule to this Act).

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(2) If in any year of assessment a reduction or a greater reduction would be made under this section in the relevant earnings of an individual but for an insufficiency of net relevant earnings, the amount of the reduction which would be made but for that insufficiency, less the amount of any reduction which is made in that year, shall be carried forward to the next following year, and shall be treated for the purposes of relief under this section as the amount of a qualifying premium paid in that following year, and so on for succeeding years (if necessary).

(3) Where, on the making of an assessment for any year on an individual's relevant earnings or on the profits or gains of a partnership from which he derives relevant earnings, notice of assessment is given after or within six months before the end of the year of assessment, and the individual pays a qualifying premium after the end of that year but within the period beginning with the date of the notice and ending six months after the date on which the assessment becomes final and conclusive, he may within that period elect that for the purposes of relief under this section the premium shall be treated as paid in that year and not in the year in which it is paid, and where he does so elect, any relief given in consequence of the election for the earlier year shall be given by repayment of tax:

Provided that where either—

(*a*) the amount of that premium, together with any qualifying premiums paid by him in the year to which the assessment relates (or treated as so paid by virtue of any previous election under this subsection), exceeds the maximum amount of the reduction which may be made under this section in his relevant earnings for that year; or

(*b*) the amount of that premium itself exceeds the increase in that maximum amount which is due to taking into account the income on which the assessment is made;

then the election shall have no effect as respects the excess.

(4) For the purposes of relief under this section, an individual's relevant earnings are those earnings before giving effect to allowances falling to be made under Part X or XI of the Income Tax Act, 1952, other than deductions allowable in computing profits or gains (but after taking into account the amounts on which charges fall to be so made), and references to income in the following provisions of this section (other than references to total income) shall be construed similarly.

(5) Subject to the following provisions of this section, "net relevant earnings" means, in relation to any individual, the amount of his relevant earnings for the year of assessment in question, less the amount of any deductions falling to be made

from the relevant earnings in computing for the purposes of tax at the standard rate his total income for that year, being either—

(*a*) deductions in respect of payments made by him; or

(*b*) deductions in respect of losses or of allowances under Part X or XI of the Income Tax Act, 1952, being losses or allowances arising from activities profits or gains of which would be included in computing relevant earnings of the individual or of the individual's wife or husband for the year 1956-57 or a later year of assessment.

(6) Where, in any year of assessment for which an individual claims and is allowed relief under this section, there falls to be made in computing the total income of the individual or that of the individual's wife or husband a deduction in respect of any such loss or allowance of the individual as is mentioned in paragraph (*b*) of the last foregoing subsection, and the deduction or part of it falls to be so made from income other than relevant earnings, the amount of the deduction made from that other income shall be treated as reducing the individual's net relevant earnings for subsequent years of assessment (being deducted as far as may be from those of the immediately following year, whether or not he claims or is entitled to claim relief under this section for that year, and so far as it cannot be so deducted, then from those of the next year, and so on).

(7) Where an individual's income for any year of assessment consists partly of relevant earnings and partly of other income, then as far as may be any deductions which fall to be made in computing his total income, and which may be treated in whole or in part either as made from relevant earnings or as made from other income, shall be treated for the purposes of this section as being made from those relevant earnings in so far as they are deductions in respect of any such loss or allowance as is mentioned in paragraph (*b*) of subsection (5) of this section, and otherwise as being made from that other income.

(8) An individual's net relevant earnings for any year of assessment are to be computed without regard to any relief which falls to be given for that year under this section either to the individual or to the individual's wife or husband.

(9) An individual's relevant earnings, in the case of partnership profits, shall be taken to be his share of the partnership income, estimated in accordance with the Income Tax Acts, but the amount to be included in respect of those earnings in arriving at his net relevant earnings shall be his share of that income after making therefrom all such deductions (if any) in respect of payments made by the partnership, or in respect of allowances falling to be made to the partnership under Part X or XI of the

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Income Tax Act, 1952, for the year 1956-57 or a later year of assessment, as would be made in computing the tax payable in respect of that income.

(10) Where relief under this section for any year of assessment is claimed and allowed (whether or not relief then falls to be given for that year), and afterwards there is made any additional assessment, alteration of an assessment, or other adjustment of the claimant's liability to tax, there shall be made also such adjustments, if any, as are consequential thereon in the relief allowed or given under this section for that or any subsequent year of assessment.

(11) Where relief under this section is claimed and allowed for any year of assessment in respect of any payment, relief shall not be given in respect of it under any other provision of the Income Tax Acts for the same or a later year of assessment nor (in the case of a payment under an annuity contract) in respect of any other premium or consideration for an annuity under the same contract; and references in the Income Tax Acts to relief in respect of life assurance premiums shall not be taken to include relief under this section.

(12) The allowances mentioned in paragraph (*b*) of subsection (5) or in subsection (9) of this section shall not be treated as including amounts carried forward from a year of assessment earlier than the year 1956-57.

(13) Without prejudice to subsection (3) of this section, a person who pays a qualifying premium in the year 1957-58 may elect that it or part of it shall be treated for the purposes of this and the last foregoing section as a qualifying premium paid in the year 1956-57, and shall be treated (subject to subsection (2) of this section) as not paid in the year 1957-58.

Taxation of assurance companies doing annuity business.

24.—(1) Where an assurance company carries on pension annuity business, then—

(*a*) exemption from income tax shall be allowed in respect of income from investments and deposits of so much of the company's annuity fund as is referable to that business; and

(*b*) the company shall not be entitled to treat as paid out of profits or gains brought into charge to tax any part so referable of the annuities paid by the company.

(2) Subsection (4) of section four hundred and twenty-five of the Income Tax Act, 1952, shall cease to have effect in so far as it provides for a deduction for profits on annuity business in determining the relief to be given to an assurance company in respect of expenses of management; and, except in the case of

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an assurance company charged to tax in accordance with the provisions applicable to Case I of Schedule D in respect of the profits of its ordinary life assurance business, profits arising to an assurance company from pension annuity business, or from general annuity business, shall be treated as annual profits or gains within Schedule D, and be chargeable under Case VI of that Schedule, and for that purpose—

(*a*) the business of each such class shall be treated separately; and

(*b*) subject to the foregoing paragraph, the profits therefrom shall be computed as they would have been computed for the purpose of the said subsection (4) (and without regard to the provisions of subsection (2) of section one hundred and thirty-five of the Income Tax Act, 1952, as to the period to be taken in computing profits for the purpose of the said Case VI).

(3) Where income from the investments of the foreign life assurance fund of an assurance company having its head office in the United Kingdom has been relieved from tax under section four hundred and twenty-nine of the Income Tax Act, 1952 (which provides for treating such income in certain respects in the same way as income of a non-resident), a corresponding reduction shall be made in any amount on which the company is chargeable to tax by virtue of the last foregoing subsection in like manner as a corresponding reduction is made under subsection (5) of the said section four hundred and twenty-nine in the relief granted to the company in respect of the expenses of management.

(4) Where an assurance company not having its head office in the United Kingdom carries on life assurance business through any branch or agency in the United Kingdom, then any charge to tax under subsection (2) of this section for any year of assessment on the profits arising to the company from pension annuity business, or from general annuity business,—

(*a*) shall extend only to a part of those profits bearing to the total amount thereof the same proportion as, under section four hundred and thirty of the Income Tax Act, 1952 (which relates to the taxation of the income from investments of the company's life assurance fund, excluding the annuity fund), the part of that income charged to tax under Case III of Schedule D bears in that year to the total amount of that income; and

(*b*) shall not be treated as a charge to tax in respect of life assurance business for the purposes of subsection (4) of that section.

(5) The exemption from tax conferred by subsection (1) of this section shall not exclude any sums from being taken into account as receipts in computing profits or gains or losses for any purpose

PART III —*cont.*

of the Income Tax Acts; and an assurance company shall not, by virtue of subsection (2) of this section, be entitled to any relief under section three hundred and forty-six of the Income Tax Act, 1952, in respect of losses on its pension annuity business or on its general annuity business.

(6) For the purposes of this section "general annuity business" means any annuity business which is not pension annuity business, and any division to be made between the two classes of business shall be made on the principle of referring to pension annuity business any premiums falling within the next following subsection, together with the part resulting therefrom of the company's annuity fund and liability for annuities, and of dealing with other incomings and outgoings accordingly:

Provided that a division as at the beginning of the year 1956-57 or any earlier time may be made by apportionment according to the company's liability at that time on contracts then falling within paragraph (*b*) of the next following subsection and on other annuity contracts.

(7) The premiums to be referred to pension annuity business are those payable under contracts falling (at the time when the premium is payable) within one or other of the following descriptions, that is to say—

(*a*) any contract with an individual who is, or would but for an insufficiency of profits or gains be, chargeable to tax in respect of relevant earnings (as defined in section twenty-two of this Act) from a trade, profession, vocation, office or employment carried on or held by him, being a contract approved by the Commissioners of Inland Revenue under that section; and

(*b*) any contract with the trustees or other persons having the management of a superannuation fund within the meaning of section three hundred and seventy-nine of the Income Tax Act, 1952, or of a scheme approved under section twenty-two of this Act, being a contract which—

(i) was entered into for the purposes only of that fund or scheme or, in the case of a fund part only of which is approved under the said section three hundred and seventy-nine, then for the purposes only of that part of that fund; and

(ii) (in the case of a contract entered into or varied after the coming into force of this section) is so framed that the liabilities undertaken by the assurance company under the contract correspond with liabilities against which the contract is intended to secure the fund (or the relevant part of it) or scheme.

PART III —*cont.*

(8) This section shall be construed in accordance with section four hundred and thirty-seven of the Income Tax Act, 1952; and for the purposes of this section "annuity business" means the business of granting annuities on human life and "premium" includes any consideration for an annuity.

(9) The following transitional provisions shall have effect for the purposes of subsection (2) of this section:—

(*a*) where tax for the year 1956-57 falls to be charged on the amount of the profits for the preceding year, that amount shall be computed (except as regards the liability as at the beginning of that preceding year in respect of annuities) as if subsection (1) of this section had had effect for the year 1955-56;

(*b*) where in arriving at the amount on which tax falls to be charged for the year 1956-57 or any subsequent year of assessment, it is necessary to divide and apportion profits or gains or losses for a period for which accounts have been made up and which falls partly before and partly after the beginning of the year 1956-57, the manner of making the apportionment under section one hundred and fifty-five of the Income Tax Act, 1952, shall be modified as may be just having regard to subsection (1) of this section;

(*c*) losses for years of assessment earlier than 1956-57 shall be computed by reference to the annuity business as a whole, and by apportioning any losses which arose on that business (and in respect of which relief has not been given) between the pension annuity business and the general annuity business in such manner as may be appropriate.

Application to new exemptions of Finance (No. 2) Act, 1955, s. 4.

25.—(1) Subsection (2) of section four of the Finance (No. 2) Act, 1955 (under which exemptions from tax are in certain circumstances excluded or restricted in relation to dividends on securities recently acquired, but under the proviso to the subsection annual payments payable out of the dividends are nevertheless to be treated as paid out of profits or gains not brought into charge to tax), shall apply to any exemption from tax under subsection (5) of section twenty-two or subsection (1) of section twenty-four of this Act with the omission of that proviso; but annual payments shall, as far as may be, be treated for the purposes of section one hundred and seventy of the Income Tax Act, 1952, as paid out of profits or gains to which the exemption extends rather than out of profits or gains brought into charge by virtue of this section.

(2) In the case of an assurance company, subsection (1) of section twenty-four of this Act shall not prevent the company from treating as paid out of profits or gains brought into charge

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by virtue of this section any part of the annuities paid by the company which is referable to pension annuity business, in so far as that part of those annuities exceeds the profits or gains to which the exemption under that subsection extends, but those profits or gains shall be left out of account in determining how far the part not so referable of the annuities paid by the company may be treated as paid out of profits or gains brought into charge to tax.

Amendments as to friendly societies and trade unions.

26.—(1) In determining for the purposes of the exemptions from tax conferred on registered friendly societies and registered trade unions by section four hundred and forty of the Income Tax Act, 1952, whether any such society or union is by Act of Parliament or by its rules precluded from assuring to any person a sum exceeding one hundred and four pounds a year by way of annuity, there shall be disregarded any annuities under contracts approved by the Commissioners of Inland Revenue under section twenty-two of this Act, being annuities payable wholly in return for premiums or other consideration paid by a person who (when the premiums or other consideration are or is payable) is, or would but for an insufficiency of profits or gains be, chargeable to tax in respect of relevant earnings (as defined in the said section twenty-two) from a trade, profession, vocation, office or employment carried on or held by him.

(2) If, in the event of a dissolution of any such society or union, any such annuity as aforesaid ceases to be paid, or any contract for the payment of such an annuity fails in whole or in part, no payment shall be made in respect thereof out of the funds of the society or union to the annuitant or other person entitled to the benefit of the contract, but any sum which, but for this provision, would have been paid to him shall be applied in purchasing for the benefit of the annuitant an annuity (for the like term, and subject to the like conditions against surrender, commutation or assignment) from a person lawfully carrying on in the United Kingdom a business of granting annuities on human life.

(3) In the proviso to paragraph (1) of section eight and in subsection (1) of section forty-one of the Friendly Societies Act, 1896 (which restrict the benefits payable by a registered friendly society or branch by way of annuity), the word " annuity " shall be taken not to include any such annuities as are referred to in subsection (1) of this section; and, subject to the following subsection, where at the time when this section comes into force the rules of any registered friendly society or branch permit the society or branch to assure an annuity of one hundred and four pounds a year, the rules may within six months from that time

be amended by resolution of the committee of management so as to permit the society or branch to assure additional amounts under such contracts as are so referred to.

(4) No amendment of the rules of a society or branch which is made by virtue of the last foregoing subsection shall extend to contracts entered into more than a year after the date when the amendment is registered under the Friendly Societies Act, 1896; and no such amendment shall be so registered unless the registrar to whom it is sent for registration is satisfied that the amendment (in addition to complying with the other conditions of this section)—

(*a*) could not, within the six months beginning with the date when this section comes into force, have been made in the manner authorised by the rules of the society or branch, or not without summoning a special meeting of the society or branch; and

(*b*) has been certified by any such actuary as is mentioned in section sixteen of the Friendly Societies Act, 1896, to be free from objection on actuarial grounds.

Annuities other than retirement annuities

Purchased life annuities, other than retirement annuities.

27.—(1) A purchased life annuity (not being of a description excepted by subsection (8) of this section) shall, for the purposes of the provisions of the Income Tax Acts relating to tax on annuities and other annual payments, be treated as containing a capital element and, to the extent of the capital element, as not being an annual payment or in the nature of an annual payment; but the capital element in such an annuity shall be taken into account in computing profits or gains or losses for other purposes of those Acts in any circumstances in which a lump sum payment would be taken into account.

(2) In the case of any purchased life annuity to which this section applies,—

(*a*) the capital element shall be determined by reference to the amount or value of the payments made or other consideration given for the grant of the annuity; and

(*b*) the proportion which the capital element in any annuity payment bears to the total amount of that payment shall be constant for all payments on account of the annuity; and

(*c*) where neither the term of the annuity nor the amount of any annuity payment depends on any contingency other than the duration of a human life or lives, that proportion shall be the same proportion which the total amount or value of the consideration for the grant

PART III —*cont.*

of the annuity bears to the actuarial value of the annuity payments as determined in accordance with the next following subsection; and

(*d*) where the last foregoing paragraph does not apply, the said proportion shall be such as may be just, having regard to that paragraph and to the contingencies affecting the annuity.

(3) For the purposes of the last foregoing subsection—

(*a*) any entire consideration given for the grant of an annuity and for some other matter shall be apportioned as appears just (but so that a right to a return of premiums or other consideration for an annuity shall not be treated for this purpose as a distinct matter from the annuity);

(*b*) where it appears that the amount or value of the consideration purporting to be given for the grant of an annuity has affected, or has been affected by, the consideration given for some other matter, the aggregate amount or value of those considerations shall be treated as one entire consideration given for both and shall be apportioned under the foregoing paragraph accordingly; and

(*c*) the actuarial value of any annuity payments shall be taken to be their value as at the date when the first of those payments begins to accrue, that value being determined by reference to the prescribed tables of mortality and without discounting any payment for the time to elapse between that date and the date it is to be made.

(4) Where a person making a payment on account of any life annuity has been notified in the prescribed manner of any decision as to its being or not being a purchased life annuity to which this section applies or as to the amount of the capital element (if any), and has not been notified of any alteration of that decision, the notice shall be conclusive as to those matters for the purpose of determining the amount of tax which he is entitled or required to deduct from the payment, or for which he is chargeable in respect of it.

(5) Where a person making a payment on account of a purchased life annuity to which this section applies has not been notified in the prescribed manner of the amount of the capital element, the amount of tax which he is entitled or required to deduct from the payment, or for which he is chargeable in respect of it, shall be the same as if the annuity were not a purchased life annuity to which this section applies.

PART III —*cont.*

(6) Any person carrying on a business of granting annuities on human life shall be entitled to repayment of any tax borne by him by deduction or otherwise for any year of assessment up to the amount of tax which, if this section had not been passed, he would have been entitled to deduct and retain on making payments due in that year of assessment on account of life annuities and which in accordance with this section he has not deducted.

(7) For the purposes of this section, "life annuity" means an annuity payable for a term ending with (or at a time ascertainable only by reference to) the end of a human life, whether or not there is provision for the annuity to end during the life on the expiration of a fixed term or on the happening of any event or otherwise, or to continue after the end of the life in particular circumstances, and "purchased life annuity" means a life annuity granted for consideration in money or money's worth in the ordinary course of a business of granting annuities on human life.

(8) This section shall not apply—

(*a*) to any annuity which would, apart from this section, be treated for the purposes of the provisions of the Income Tax Acts relating to tax on annuities and other annual payments as consisting to any extent in the payment or repayment of a capital sum; or

(*b*) to any annuity where the whole or part of the consideration for the grant of the annuity consisted of sums satisfying the conditions for relief from tax under section twenty-three of this Act, or section two hundred and nineteen or section two hundred and twenty-five of the Income Tax Act, 1952 (which give relief for certain life assurance premiums and pension contributions); or

(*c*) to any annuity purchased in pursuance of any direction in a will, or to provide for an annuity payable by virtue of a will or settlement out of income of property disposed of by the will or settlement (whether with or without resort to capital); or

(*d*) to any annuity purchased under or for the purposes of any sponsored superannuation scheme (as defined in subsection (10) of section twenty-two of this Act), or any scheme approved under that section, or in pursuance of any obligation imposed, or offer or invitation made, under or in connection with any such scheme, or to any other annuity purchased by any person in recognition of another's services (or past services) in any office or employment.

PART III —*cont.*

(9) As respects tax for the year 1956-57 and subsequent years of assessment, this section shall extend to life annuities whenever purchased or commencing (and the references to sections two hundred and nineteen and two hundred and twenty-five of the Income Tax Act, 1952, shall be construed accordingly); but for the purpose of subsections (4) and (5) of this section any notice given before the sixth day of October, nineteen hundred and fifty-six, of a decision as to an annuity being or not being a purchased life annuity to which this section applies or as to the amount of the capital element (if any), shall be treated as given on that day.

Supplementary

Procedure.

28.—(1) Relief shall not be given under section twenty-three of this Act in respect of a qualifying premium except on a claim made to and allowed by the surveyor, and any question whether an annuity is a purchased life annuity to which section twenty-seven of this Act applies, or what is the capital element in such an annuity, shall be determined by the surveyor:

Provided that any person aggrieved by any decision of the surveyor on any such claim may appeal within the prescribed time either to the General Commissioners or to the Special Commissioners, and any person aggrieved by any decision of the surveyor on any such question as to a purchased life annuity may appeal within the prescribed time to the Special Commissioners.

(2) Save as otherwise provided in this Part of this Act, the procedure to be adopted in giving effect thereto shall be such as may be prescribed.

(3) The Commissioners of Inland Revenue may by statutory instrument make regulations for prescribing anything which is to be prescribed under this Part of this Act; and the regulations may apply for the purposes of this Part of this Act or of the regulations any provision of the Income Tax Acts (with or without modifications), and in particular the provisions of section sixty-four of the Income Tax Act, 1952, as to the statement of a case on a point of law for the opinion of the High Court.

(4) Regulations under the last foregoing subsection may in particular make provision as to the time limit for making any claim for relief from or repayment of tax under this Part of this Act, and (for the purposes of the last foregoing section) as to all or any of the following matters, that is to say,—

(*a*) as to the information to be furnished in connection with the determination of any question whether an annuity is a purchased life annuity to which that section

applies, or what is the capital element in an annuity, and as to the persons who may be required to furnish any such information;

(*b*) as to the manner of giving effect to the decision on any such question, and (notwithstanding anything in section one hundred and sixty-nine of the Income Tax Act, 1952) as to the making of assessments for the purpose on the person entitled to the annuity;

(*c*) as to the extent to which the decision on any such question is to be binding, and the circumstances in which it may be reviewed.

(5) If any person, for the purpose of obtaining for himself or any other person any relief from or repayment of tax under this Part of this Act, knowingly makes any false statement or false representation, he shall be liable to a penalty of five hundred pounds.

PART IV

THE PROFITS TAX

Increase of profits tax.

29.—(1) As from the end of March, nineteen hundred and fifty-six, the enactments relating to the profits tax shall be amended by substituting—

(*a*) thirty per cent. for twenty-seven and a half per cent. as the rate of any tax not being a distribution charge; and

(*b*) twenty-seven per cent. for twenty-five per cent. as the rate of any relief for non-distribution.

(2) As from the end of that month, the rate of any distribution charge under the said enactments shall be twenty-seven per cent.:

Provided that—

(*a*) the amount on which the charge is at that rate for any chargeable accounting period of a trade or business shall not, when added to the total of the amounts, if any, on which for previous chargeable accounting periods there have fallen to be made distribution charges at that rate (including so much of any distribution charge partly at that rate and partly not as is at that rate), exceed the total of the amounts on which reliefs for non-distribution have been given at that rate for previous chargeable accounting periods; and

(*b*) on the amount on which under the foregoing proviso the charge cannot be at that rate, it shall be at the rate or rates determined in accordance with paragraph 1 of the Second Schedule to the Finance (No. 2) Act, 1955.

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(3) As respects accounting periods of a trade or business ending after the end of the said month, the said enactments shall have effect subject to the provisions contained in the Fourth Schedule to this Act.

Groups of companies.

30.—(1) A grouping notice may not be given by a principal company as respects a subsidiary of it unless each of them is engaged in carrying on a trade or business, or each of them was so engaged at the beginning of the chargeable accounting period specified in the notice as the first of the periods as respects which the notice is to have effect; nor shall a grouping notice validly given by a principal company as respects a subsidiary of it continue in force after either of them has ceased to be so engaged or to be resident in the United Kingdom (but so that its lapsing shall not revive any previous notice which had ceased to be in force by reason of the giving thereof).

(2) The chargeable accounting period specified in a grouping notice as the first of the periods as respects which the notice is to have effect may not be a period ending before the date on which the principal company became entitled to give the notice; and if, when a grouping notice has been given, the Commissioners of Inland Revenue, under subsection (4) of section thirty-eight of the Finance Act, 1947, divide the period so specified therein, the notice shall have effect as if for the period so specified there were substituted the first of the periods into which it is divided which ends on or after that date.

(3) Where, as respects a chargeable accounting period of a body corporate,—

(*a*) there is in force a grouping notice given by it as a principal company or given as respects it as a subsidiary; but

(*b*) it is within the exemption from profits tax conferred by subsection (2) or (3) of section thirty-one of the Finance Act, 1947 (which relate to bodies corporate whose income is apportioned to their members for purposes of surtax);

then as respects that chargeable accounting period of the said body corporate, and as respects the corresponding chargeable accounting period of the other body corporate by or as respects which the notice was given, the following enactments shall not have effect by virtue of the notice in relation to the profits or losses, franked investment income or distributions of those bodies corporate, namely,—

(i) subsection (2) of section twenty-two of the Finance Act, 1937 (which provides for profits or losses of a subsidiary to be treated as profits or losses of the principal company); and

(ii) subsection (1) of section thirty-eight of the Finance Act, 1947 (which makes complementary provision about franked investment income and about distributions).

(4) Where a grouping notice given by a principal company as respects a subsidiary of it is in force for any chargeable accounting period of the subsidiary, but (by virtue of the last foregoing subsection) subsection (1) of the said section thirty-eight does not apply as respects that period by reason of the principal company being within the said exemption for its corresponding chargeable accounting period, then subsection (2) of the said section thirty-eight (which in certain circumstances treats non-distribution reliefs given to a subsidiary as given to the principal company), shall, as respects any subsequent chargeable accounting period of the principal company, have effect in relation to the said chargeable accounting period of the subsidiary as it would have effect in relation to a chargeable accounting period before the notice came into force.

(5) For the purposes of section sixty-nine of the Finance Act, 1948 (which relates to payments between interconnected companies)—

(*a*) any grouping notice given by or as respects a body corporate shall be disregarded in relation to payments made by that body corporate while it is within the said exemption; and

(*b*) any grouping notice given as respects a body corporate shall be disregarded in relation to payments made to it during any chargeable accounting period if the principal company giving the notice is within the said exemption for its corresponding chargeable accounting period.

(6) A body corporate shall not be within the said exemption for any chargeable accounting period if, as respects that period,—

(*a*) there is in force a grouping notice given by it as a principal company or given as respects it as a subsidiary; and

(*b*) the principal company giving that notice so elects by notice in writing given to the Commissioners of Inland Revenue.

A notice of election under this subsection shall be given within six months of the end of the chargeable accounting period for which the election is made or such longer time as those Commissioners may allow; but any election made under this subsection shall have effect not only for the chargeable accounting period for which it is made but also for any subsequent chargeable accounting period of the same body corporate, until such time

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as no grouping notice given by it or as respects it is in force, and where a new grouping notice is given as respects that body corporate by a different principal company while the election is in force, the election shall have effect as if duly made by the principal company giving the new grouping notice.

(7) For the purposes of this section, " grouping notice " means a notice given under subsection (1) of section twenty-two of the Finance Act, 1937, but a grouping notice given by a principal company as respects more than one subsidiary shall be treated as a separate notice as respects each subsidiary.

(8) Subsections (1) and (2) of this section shall be deemed to have had effect as from the eighteenth day of April, nineteen hundred and fifty-six; and subsections (3) to (6) of this section shall have effect as respects all chargeable accounting periods of any body corporate in so far as those periods are affected either—

(*a*) by a grouping notice given on or after the said eighteenth day of April; or

(*b*) by the operation of subsection (2) or (3) of section thirty-one of the Finance Act, 1947, as respects a chargeable accounting period of a body corporate ending on or after that day.

Extent to which sums applied in reducing share capital &c. are to be treated as distributions.

31.—(1) Subject to the following provisions of this section, the proviso to subsection (1) of section thirty-six of the Finance Act, 1947 (which directs that sums applied in repaying loans or in reducing share capital shall not be treated as distributions for the purposes of the profits tax), shall not have effect in relation to any sum applied on or after the relevant date in reducing a body corporate's share capital, in so far as that sum exceeds the amount of the reduction made in the total nominal amount of the body's paid-up share capital.

(2) Subject as aforesaid, the said proviso, in the case of a body corporate the directors whereof have a controlling interest therein, shall not have effect in relation to any sum applied on or after the relevant date in or towards repayment of a loan, in so far as that sum exceeds the amount of the loan (that is to say, the net amount or value received by the borrower) or so much of that amount as remains after deducting any sums previously applied in or towards repayment of the loan.

(3) Sums which by virtue of subsection (1) or subsection (2) of this section are to be treated as part of the gross relevant distributions to proprietors of a body corporate shall not be treated as applied in reducing capital for the purposes of section thirty-one of the Finance Act, 1951 (under which a capitalisation of distributable sums and a reduction of capital are in certain cases to be treated as together amounting to a distribution).

(4) Where a body corporate having a share premium account applies the whole or part of that account in providing for premiums payable on redemption of any redeemable preference shares, then—

(*a*) the part so provided of the sum applied in redeeming those shares shall be left out of account in determining under subsection (1) of this section to what extent (if any) the said sum exceeds the amount of the reduction made in the total nominal amount of the body's paid-up share capital; but

(*b*) if in consequence of the foregoing paragraph there is a reduction in the amount of the body's gross relevant distributions to proprietors for the chargeable accounting period in question, then a reduction of the same amount shall be made in the amount of the premiums which fall to be taken into account under subsection (1) of section thirty-five of the Finance Act, 1947, for the purpose of arriving at the limitation imposed by that subsection on the distributions which are to be treated for the purposes of paragraph (*c*) thereof as distributions of capital.

In this subsection, "share premium account" means, in relation to a body corporate which is not a company within the meaning of the Companies Act, 1948, any separate reserve or account or part thereof which represents premiums received on the issue of shares and which under the law governing the management of the body's affairs has a purpose corresponding to that of a share premium account under section fifty-six of the last-mentioned Act.

(5) Where immediately before the sixteenth day of April, nineteen hundred and forty-seven, the terms on which any redeemable preference shares had been issued by a body corporate, or on which any loan had been made to a body corporate, (or if those terms had been varied before that day, the terms as so varied) conferred on the body corporate a right or imposed on the body corporate an obligation to redeem the shares or repay the loan at a premium, and the body corporate in pursuance of that right or obligation applies any sum on or after the relevant date in redeeming the shares or in or towards repayment of the loan, the foregoing provisions of this section shall apply as if the nominal amount of the shares or the amount of the loan, as the case may be, had been equal to the total amount required in pursuance of that right or obligation to be paid on redemption or repayment:

Provided that, where the said right or obligation is or has been varied on or after the said sixteenth day of April, this subsection shall not apply unless the variation is or was limited to

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increasing or reducing the said total amount, and shall apply in that case as if the said total amount had at no time exceeded the least amount required in pursuance of the said right or obligation as in force immediately before the said sixteenth day of April or at any time subsequently.

(6) Where immediately before the sixteenth day of April, nineteen hundred and forty-seven, the rights attached to any issued shares of a body corporate included any right of priority as respects capital for a sum in excess of the nominal amount of the shares (not being, in the case of redeemable preference shares, a right only to a premium on redemption), and by virtue of that right a sum in excess of the said nominal amount is paid in respect of the shares, then for the purposes of subsection (1) of this section or of subsection (1) of section thirty-five of the Finance Act, 1947, those shares shall be taken as being of a nominal amount equal to the sum so paid, but for the purposes of subsection (1) of the said section thirty-five the excess of that sum over the nominal amount of the shares shall, if those or any other shares were or are issued by the body corporate at a premium for cash, be deducted from the amounts of the premiums:

Provided that, where the rights as respects capital attached to the shares are or have been varied on or after the said sixteenth day of April, this subsection shall not apply so as to treat them as being of a nominal amount greater than the least amount for which a right of priority shall have attached thereto on that day or at any time subsequently.

(7) In this section, " the relevant date " means the eighteenth day of April, nineteen hundred and fifty-six.

PART V

DEATH DUTIES

Settled property charged with annuity.

32.—(1) Where, in the case of a death occurring after the coming into force of this section,—

(*a*) any settled property (other than property comprised in a settlement made by the deceased or made, directly or indirectly, at his expense or out of funds provided by him) passes on the death by reason of the termination of an interest limited to cease on the death; and

(*b*) at the time of the death there is payable out of the income of the settled property so passing an annuity not so limited, but limited by the settlement to cease on another death;

then to the extent of the annuitant's interest in the settled property, that is to say (subject to the next following subsection) to

the extent to which a benefit would have been treated for the purposes of estate duty as accruing or arising by the cesser of the annuity immediately before that death, the settled property shall be deemed for the purposes of estate duty on that or any subsequent death not to pass on that death by reason of the termination of the interest limited to cease on that death.

(2) For the purposes of the last foregoing subsection, the extent of the annuitant's interest in the settled property, where the annuity is so limited as to be reduced in amount (but not to cease) on the death, shall be determined by reference to the reduced amount of the annuity, as if the reduction had taken effect before the death.

(3) Where immediately before a death an annuity limited by a settlement to cease on that death, or any part of such an annuity, is payable out of the income of the settled property, and is so payable for his own benefit to a person who on the death becomes beneficially entitled in possession to some other interest in the settled property or the income thereof, then subsection (1) of this section shall apply in relation to the passing of the settled property on that death as if the annuity or that part of it had been an annuity not limited to cease on that death, but limited by the settlement to cease on a subsequent death:

Provided that the proportion of the settled property which by reason of that annuity is deemed not to pass on the death shall not exceed the proportion of the income to which, if the interests subsisting at the time of the death had been the same interests as subsisted immediately after the cesser of the annuity, the said person's interest would have been treated as extending for purposes of estate duty, had it been he who died.

(4) Settled property which, under subsection (1) of this section, is to any extent deemed not to pass on a death by reason of the termination of an interest limited to cease on that death shall not in consequence be deemed to pass on that death by reason only of the deceased's having been competent to dispose of it:

Provided that where an interest in settled property devolves on the deceased's personal representatives as assets for the payment of his debts, duty shall be chargeable in respect of that interest as if this subsection had not been passed.

(5) Subsection (1) of this section shall not apply to any settled property of which the deceased has been competent to dispose and has disposed by the exercise of a power conferred by the settlement.

(6) Where, on the death of a tenant in tail in possession within the meaning of the Settled Land Act, 1925, any settled property passes to the heir under the entail or, in default of such an heir,

PART V —*cont.*

to a person entitled in remainder under the settlement, the foregoing provisions of this section shall apply as if the property passed by reason of the termination of an interest limited to cease on the death.

(7) This section shall apply to property which, by virtue of section forty-three of the Finance Act, 1940, is deemed to pass on a death under section one of the Finance Act, 1894, by reason of a disposition or determination of an interest limited to cease on that death within the meaning of the said section forty-three, as if that property passed on the death by reason of the termination of that interest; but save as aforesaid this section shall not apply to reduce the extent to which any property not passing on a death is, apart from this section, to be deemed to pass on that death.

(8) In the application of this section to Scotland—

(*a*) any reference to a settlement shall include a reference to an entail and "settled property" shall be construed accordingly;

(*b*) any reference to an interest in settled property limited to cease on a death shall include a reference to the interest in such property of an institute or heir of entail; and

(*c*) subsection (6) shall be omitted;

and where an annuity payable out of the income of entailed property is limited to cease on a death by any provision made in exercise of powers conferred by the entail, or conferred by any enactment relating to entails, the annuity shall be deemed for the purposes of this section in its application to Scotland to be limited as aforesaid by the entail.

Relief in cases of compulsory purchase.

33.—(1) This section shall have effect where estate duty has been paid, or is payable, in respect of an interest in land in Great Britain and, in pursuance of a notice to treat served, or of an agreement made, not more than five years after the date as at which the interest was valued for the purposes of that duty, that interest is compulsorily acquired by, or sold to, a public authority possessing compulsory purchase powers.

(2) If it is proved to the satisfaction of the Commissioners of Inland Revenue—

(*a*) that the duty has been paid, or is payable, in respect of the whole of the interest; and

(*b*) that the persons to whom the interest passed beneficially on the death on which the duty was payable were the same persons as were beneficially interested therein at the date of acquisition, and the beneficial interests

which they respectively took on the death were the same beneficial interests as they respectively had at the date of acquisition; and

(*c*) that the interest was the same in all respects and with the same incidents at the date of acquisition and at all dates relevant for the purpose of ascertaining the duty; and

(*d*) that the land in which the interest subsisted was in the same state and with the same incidents and held with the same land at the date of acquisition and at all dates relevant for the purpose of ascertaining the duty; and

(*e*) that the duty fell or falls to be wholly borne by the persons who were beneficially interested at the date of the acquisition according to the respective interests which they then had; and

(*f*) that the acquisition did not operate to sever the land from land with which it was held at any of the dates relevant for the purpose of ascertaining the duty,

the amount of duty payable in respect of the interest shall, where necessary, be reduced by repayment or remission of duty so as not to exceed the amount which would have been payable in respect thereof if the principal value of the interest had been equal to the amount of the compensation or price payable for the purchase thereof, including, in the case of compensation, any additional compensation to be paid under Part III of the Town and Country Planning Act, 1954, or Part III of the Town and Country Planning (Scotland) Act, 1954.

(3) If, after the date as at which the interest was valued for the purpose of estate duty—

(*a*) a restriction was imposed on the use or development of the land in which the interest subsisted, or any other decision was made affecting the land, and

(*b*) compensation became payable to the persons to whom the interest passed beneficially on the death in respect of the imposition of the restriction or the making of the decision,

the restriction or decision shall not be regarded for the purposes of paragraph (*d*) of the last foregoing subsection as constituting a new incident but the amount of the compensation shall be added to the compensation or price payable for the purchase of the interest and the relief available under that subsection shall be reduced accordingly; and where, after the date as at which the interest was valued for the purposes of estate duty, any compensation which had been paid in respect of the imposition of such a restriction or the making of such a decision became

PART V —*cont.*

recoverable from those persons in consequence of the modification of the restriction or decision, the amount recoverable shall be subtracted from the compensation or price payable for the purchase of the interest and the relief available under subsection (2) of this section shall be increased accordingly.

(4) Where the Commissioners are satisfied that the provisions of subsection (2) of this section would have had effect but for all or any of the following facts, that is to say—

(*a*) that the requirement in paragraph (*a*) thereof is not fulfilled in that the duty was paid or payable on part of the interest only; or

(*b*) that one or more of the requirements respectively specified in paragraphs (*b*) to (*e*) thereof are only partly fulfilled; or

(*c*) that the requirement in paragraph (*f*) thereof is not fulfilled,

they may grant to any of the persons paying or bearing any of the duty such relief by repayment or remission of duty as may seem to them just and reasonable.

(5) For the purposes of this section—

" date of acquisition " means—

(*a*) in the case of a compulsory acquisition, the date of the service of the notice to treat, and

(*b*) in the case of an acquisition by agreement, the date of the making of the agreement;

" public authority possessing compulsory purchase powers " has the meaning for the time being assigned to it by the Town and Country Planning Act, 1954, or, as the case may be, the Town and Country Planning (Scotland) Act, 1954;

and an interest which is limited to expire, or is subject to an interest which is limited to expire, shall not be regarded as being the same in all respects at different dates.

(6) This section shall extend to cases where an interest in land was valued for the purposes of estate duty as at a date before the passing of this Act but on or after the eighteenth day of November, nineteen hundred and fifty-two, and shall apply to such cases whether or not the date of acquisition fell before the passing of this Act and whether or not section fifty-seven of the Finance (No. 2) Act, 1945 (which in cases comparable to those to which this section relates afforded relief where the compensation did not reflect any special value attributable to vacant possession), also applied:

PART V —*cont.*

Provided that any payment to the persons beneficially entitled to the interest in respect of which relief is to be given which is made—

(*a*) under section five or eleven of the Town and Country Planning Act, 1954 (which relate to cases where land was sold before the commencement of that Act), or

(*b*) under section five or eleven of the Town and Country Planning (Scotland) Act, 1954, (which relate to corresponding cases),

in consequence of its acquisition by the authority possessing compulsory purchase powers shall be treated for the purposes of this section as if it had formed part of the compensation or price payable on the acquisition.

Acceptance of works of art in satisfaction of death duties, and amendment as to exemption.

34.—(1) The power of the Commissioners of Inland Revenue to accept property other than land in satisfaction of estate duty or settlement estate duty shall, without prejudice to the power under section thirty of the Finance Act, 1953, to accept objects associated with certain buildings, include power to accept any work of art which the Treasury are satisfied is pre-eminent for its aesthetic merit or historical value; and subsections (2) and (3) of the said section thirty (which regulate matters arising out of acceptances under that section) shall apply in the same way to acceptances under this section.

(2) Section forty-four of the Finance Act, 1921, and the proviso to subsection (2) of section forty of the Finance Act, 1930 (which provide that death duties shall not become chargeable in respect of certain property on the sale thereof to the National Gallery, British Museum, or certain other institutions therein mentioned), shall have effect as if the references to such a sale included a reference to a sale after the passing of this Act to the Minister of Works, where he buys under the powers conferred by section five of the Historic Buildings and Ancient Monuments Act, 1953.

Aggregation of certain annuity contracts, etc.

35. Where the property passing on the death of any person either includes any contract approved by the Commissioners of Inland Revenue under section twenty-two of this Act, being a contract providing for an annuity to become payable on the death to any widow, widower or other dependant of that person, or includes any annuity so payable under such a contract, then the contract so passing, in so far as it provides for payment of that annuity, or the annuity so passing, as the case may be, shall be treated for purposes of estate duty on that death as a life insurance within the meaning of subsection (2) of section thirty-three of the Finance Act, 1954 (which makes special provision as to aggregation in the case of policies of assurance in which the

PART V —*cont.*

deceased never had an interest), and shall be so treated whether or not the deceased at any time had an interest therein.

Settled property passing on death of husband and wife.

36.—(1) In subsection (2) of section thirty-two of the Finance Act, 1954 (which relates to the exemption from estate duty of property passing on the death of a surviving spouse, when duty has been paid on the death of the other spouse or would have been if the duty were payable on estates of however small a principal value), for the words " but would have been if the duty were payable on estates of however small a principal value " there shall be substituted the words " by reason only of the property being or forming part of an estate of too small a principal value or of no principal value ".

(2) This section shall apply where the second death occurs after the commencement of this Act, whether or not the first death occurred after that commencement.

PART VI

STAMP DUTIES

Conveyances on sale.

37.—(1) Subject to the following provisions of this section,—

(*a*) section seventy-three of the Finance (1909-10) Act, 1910 (which doubled stamp duties chargeable on conveyances and transfers on sale), shall not apply in any case where the amount or value of the consideration for the sale does not exceed three thousand five hundred pounds and the instrument contains the appropriate certificate;

(*b*) Part VI of the Finance Act, 1947, so far as it increases any duty chargeable under or by reference to the heading " Conveyance or Transfer on sale " in the First Schedule to the Stamp Act, 1891, shall not apply in any case where that amount or value does not exceed four thousand two hundred and fifty pounds and the instrument contains the appropriate certificate; and

(*c*) in a case where the amount or value of the consideration does not exceed five thousand pounds and the instrument contains the appropriate certificate, the said Part VI, so far as it increases any such duty as aforesaid, shall have effect (unless its application is excluded by the last foregoing paragraph) as if it directed the duty to be one-and-a-half times (instead of double) the duty which would have been chargeable immediately before the first day of August, nineteen hundred and forty-seven.

(2) The foregoing provisions of this section shall not affect any duty chargeable under or by reference to the said heading as it applies to a conveyance or transfer of stock or marketable

securities, or any duty chargeable by reference to that heading by virtue of the heading " Lease or Tack " in the said First Schedule where part of the consideration consists of rent and that rent exceeds the sum of twenty pounds a year.

(3) For the purposes of the foregoing provisions of this section, the appropriate certificate is a statement certifying that the transaction effected by the instrument does not form part of a larger transaction, or of a series of transactions, in respect of which the amount or value, or the aggregate amount or value, of the consideration exceeds three thousand five hundred, four thousand two hundred and fifty, or five thousand pounds, according as the certificate is that referred to in paragraph (*a*), (*b*) or (*c*) of subsection (1) of this section; but any such statement shall be construed as leaving out of account any matter which, in accordance with the next following subsection, is to be disregarded for the purposes of the said subsection (1).

(4) For the purposes of subsection (1) of this section any sale or contract or agreement for the sale of goods, wares or merchandise shall be disregarded in the case of—

(*a*) any instrument chargeable under the heading " Conveyance or Transfer on sale " in the First Schedule to the Stamp Act, 1891, other than an actual conveyance or transfer of the goods, wares or merchandise (with or without other property); or

(*b*) any instrument chargeable by reference to that heading under section fifty-nine of that Act (which makes a contract or agreement for sale of certain property chargeable with duty as if it were an actual conveyance on sale).

(5) In this section, any reference to the amount or value of any consideration shall be construed—

(*a*) in relation to duty chargeable on a conveyance or transfer operating as a voluntary disposition inter vivos, as a reference to the value of the property; and

(*b*) in relation to duty chargeable by virtue of the said heading " Lease or Tack ", as a reference to the amount or value of the consideration in money, stock or security, other than rent.

(6) This section shall have effect from the first day of August, nineteen hundred and fifty-six.

Annuity contracts and life insurance policies.

38.—(1) An instrument being a grant or contract for payment of a purchased life annuity shall be chargeable with stamp duty under paragraph (3) of the heading " Bond, Covenant or Instrument of any kind whatsoever " in the First Schedule to the Stamp Act, 1891, and not otherwise, whether or not the annuity is a superannuation annuity as defined in that paragraph.

PART VI —*cont.*

(2) Where, in the opinion of the Commissioners, any body of persons carrying on the business of granting life annuities or the business of issuing policies of life insurance so carries on that business as to render it impracticable or inexpedient to require that the stamp duties chargeable on grants or contracts for payment of such annuities or on policies of life insurance should be charged and paid on such instruments issued by the body in the course of that business, the Commissioners may enter into an agreement with that body for the delivery to the Commissioners of periodical accounts giving such particulars as may be required of those instruments.

(3) The agreement shall be in such form and shall contain such terms and conditions as the Commissioners think proper.

(4) Where an agreement has been entered into under this section between the Commissioners and any body of persons, any instrument to which the agreement relates and which contains a statement that the appropriate stamp duty has been or will be paid to the Commissioners in accordance with the provisions of this section shall not be chargeable with any stamp duty, but the aggregate of the sums which, but for the provisions of this subsection, would have been chargeable by way of stamp duty on any such instruments issued during the period to which any account delivered under the agreement relates shall, by way of composition, be paid by the body to the Commissioners on the delivery of the account.

(5) Where a body makes default in delivering any account required by any such agreement or in paying the duty payable on the delivery of any such account, the body shall be liable to a fine not exceeding fifty pounds for every day during which the default continues and shall also be liable to pay to Her Majesty, in addition to the duty, interest thereon at the rate of five per cent. per annum from the date when the default begins.

(6) In this section "purchased life annuity" means a life annuity granted for consideration in money or money's worth in the ordinary course of a business of granting annuities on human life.

(7) This section shall have effect from the first day of August, nineteen hundred and fifty-six; and any agreement made before that date under section seventy-two of the Finance Act, 1948 (which in relation to industrial assurance policies makes provisions similar to those of subsections (2) to (5) of this section), shall be treated as having been made under this section.

Composition for duty on cheques, &c.

39.—(1) The Commissioners may enter into an agreement with any banker for the composition, in accordance with the following provisions of this section, of the stamp duty chargeable under the heading "Bill of Exchange payable on demand"

PART VI —*cont.*

in the First Schedule to the Stamp Act, 1891, on such instruments—

(*a*) drawn on the banker by his customers on forms supplied by him, or

(*b*) drawn by the banker on himself or another banker,

as may be specified in the agreement.

(2) Any such agreement shall require the banker to deliver to the Commissioners periodical accounts in respect of the instruments to which the agreement relates giving particulars—

(*a*) of forms supplied by him to his customers with a view to their being completed and issued as such instruments by the customers, and of forms so supplied but returned unused or spoilt, and

(*b*) of such instruments issued by him,

and may contain such other terms and conditions as the Commissioners think proper.

(3) Where any such agreement has been made with a banker, any instrument to which the agreement relates and which bears such indication of the payment of stamp duty as the Commissioners may require shall not be chargeable with stamp duty, but the banker shall pay to the Commissioners, on the delivery of any account under the agreement, such sums as would but for the provisions of this section have been chargeable by way of stamp duty on such instruments issued during the period to which the account relates, it being assumed for this purpose that the number of such instruments issued by his customers was equal to the number of forms supplied less the number of forms returned as mentioned in paragraph (*a*) of the last foregoing subsection.

(4) Where a banker makes default in delivering any account required by any such agreement or in paying the duty payable on the delivery of any such account, he shall be liable to a fine not exceeding fifty pounds for any day during which the default continues and shall also be liable to pay to Her Majesty, in addition to the duty, interest thereon at the rate of five per cent. per annum from the date when the default begins.

PART VII

MISCELLANEOUS

Indian, Pakistan and colonial pensions (income tax and estate duty).

40.—(1) A pension of any of the following descriptions, that is to say—

(*a*) a pension paid under the authority of the Pensions (India, Pakistan and Burma) Act, 1955,

(*b*) a pension paid out of any fund established in the United Kingdom by the Government of any country which is,

PART VII —*cont.*

or forms part of, a colony, protectorate, protected state or United Kingdom trust territory or by a Government constituted for two or more such countries, if the fund was established for the sole purpose of providing pensions, whether contributory or not, payable in respect of service under that Government,

(*c*) a pension paid out of the fund formed under the Oversea Superannuation Scheme (formerly known as the Colonial Superannuation Scheme),

shall not be liable to charge to income tax if it is the income of a person who satisfies the Commissioners of Inland Revenue that he is not resident in the United Kingdom:

Provided that this subsection shall not apply to so much of any pension of the description in paragraph (*a*) thereof as is paid by virtue of the application to the pension of the Pensions (Increase) Acts, 1944 and 1947, the Pensions (Increase) Act, 1952, the Pensions (Increase) Act, 1954, or the Pensions (Increase) Act, 1956.

(2) Subsections (3) and (4) of section one hundred and ninety of the Income Tax Act, 1952 (which confer a right of appeal on questions of residence under that section), shall apply to any decision of the Commissioners of Inland Revenue on any question as to residence arising under the foregoing provisions of this section as they apply to such decisions under that section.

(3) Income derived from investments or deposits of any fund referred to in paragraph (*b*) or (*c*) of subsection (1) of this section shall not be charged to income tax, and any income tax deducted from any such income shall be repaid by the Commissioners of Inland Revenue to the persons entitled to receive the income.

(4) For the purposes of the enactments relating to estate duty—

(*a*) a pension paid under the authority of the Pensions (India, Pakistan and Burma) Act, 1955, shall be treated as if it had been paid by the Government of India or the Government of Pakistan (according as the arrangements in pursuance of which the pension is paid were made with the one or the other Government), and

(*b*) a pension paid out of a fund referred to in paragraph (*b*) of subsection (1) of this section shall be treated as if it had been paid by the Government by which the fund was established.

(5) In this section—

"pension" includes a gratuity or any sum payable on or in respect of death, and a return of contributions with

or without interest thereon or any other addition thereto;

"United Kingdom trust territory" means a territory administered by the Government of the United Kingdom under the trusteeship system of the United Nations,

and references to a Government constituted for two or more countries include references to any authority established for the purpose of providing or administering services which are common to, or relate to matters of common interest to, two or more countries.

(6) Subsections (1) to (3) of this section shall have effect as respects the year 1955-56 as well as subsequent years of assessment.

Interests in unadministered estates (income tax and estate duty).

41. The liabilities which are charges on residue for the purposes of Part XIX of the Income Tax Act, 1952, and section forty-seven of the Finance Act, 1938, shall include any sum payable out of residue to which a person is entitled under the law of intestacy in any part of the United Kingdom or any other country.

Exchequer advances to nationalised industries and undertakings.

42.—(1) Any sum which any of the bodies mentioned in this section has power to borrow by the issue of stock may instead be raised by the taking of an advance from the Minister specified in the next following subsection; and any enactment relating to any of those bodies (whether passed before or after the commencement of this Act) so far as it makes provision in relation to borrowings by the issue of stock and, in particular, provision for limiting the amount outstanding in respect of sums borrowed, shall with the necessary modifications apply in relation to advances made to that body under this section.

(2) Advances under this section may be made—

(*a*) to the Central Electricity Authority and the Gas Council, by the Minister of Fuel and Power;

(*b*) to the British Transport Commission, the British Overseas Airways Corporation and the British European Airways Corporation, by the Minister of Transport and Civil Aviation;

(*c*) to the North of Scotland Hydro-Electric Board and the South of Scotland Electricity Board, by the Secretary of State,

and the Treasury may issue to those Ministers, out of the Consolidated Fund, such sums as are necessary to enable them to make the advances.

PART VII —*cont.*

(3) Advances made under this section shall not together exceed the sum of seven hundred million pounds, and no such advance shall be made after the end of March, nineteen hundred and fifty-eight.

(4) Any advances which a Minister makes under this section shall be repaid to him at such times and by such methods, and interest thereon shall be paid to him at such rates and at such times, as he may, with the approval of the Treasury, direct.

(5) For the purpose of providing sums to be issued under subsection (2) of this section, or of providing for the replacement of sums so issued, the Treasury may at any time, if they think fit, raise money in any manner in which they are authorised to raise money under the National Loans Act, 1939, and any securities created and issued to raise money under this subsection shall be deemed for all purposes to have been created and issued under that Act.

(6) Any sums received by a Minister under subsection (4) of this section shall be paid into the Exchequer and shall be issued out of the Consolidated Fund at such times as the Treasury may direct, and shall be applied by the Treasury as follows, that is to say,—

(*a*) so much thereof as represents principal shall be applied in redeeming or paying off debt of such description as the Treasury think fit; and

(*b*) so much thereof as represents interest shall be applied towards meeting such part of the annual charges for the national debt as represents interest.

(7) Each of the Ministers mentioned in subsection (2) of this section shall, as respects each financial year, prepare in such form and manner as the Treasury may direct an account of sums issued to him under subsection (2) of this section and of sums received by him under subsection (4) of this section and of the disposal by him of those sums respectively, and send it to the Comptroller and Auditor General not later than the end of November following the year; and the Comptroller and Auditor General shall examine, certify and report on the account and lay copies of it, together with his report, before each House of Parliament.

Amendment of National Loans Act, 1939.

43.—(1) If the terms of issue of any securities issued under the National Loans Act, 1939, provide for the making of payments in respect of those securities other than payments of principal and interest, the sums required to meet those payments shall be charged on and issued out of the Consolidated Fund.

(2) Nothing in any enactment relating to lotteries shall be taken to apply in relation to securities issued under the National

Loans Act, 1939, by reason of any use or proposed use of chance to select particular securities for special benefits, if the terms of the issue provide that the amount subscribed is to be repayable in full in the case of all the securities.

Short title, etc.

44.—(1) This Act may be cited as the Finance Act, 1956.

(2) Part I of this Act, except so far as it relates to purchase tax, shall be construed as one with the Customs and Excise Act, 1952, and so far as it relates to purchase tax, shall be construed as one with Part V of the Finance (No. 2) Act, 1940.

(3) Part II of this Act, except in so far as it does not relate to income tax, and Part III of this Act shall be construed as one with the Income Tax Acts.

(4) Part II of this Act, in so far as it relates to the profits tax, and Part IV of this Act shall be construed as one with Part III of the Finance Act, 1937, and the other enactments relating to the profits tax.

(5) Part V of this Act shall be construed as one with Part I of the Finance Act, 1894.

(6) Part VI of this Act shall be construed as one with the Stamp Act, 1891.

(7) Any reference in this Act to any other enactment shall, except so far as the context otherwise requires, be construed as a reference to that enactment as amended or applied by or under any other enactment, including this Act.

(8) Subject to the provisions of subsection (5) of section two of this Act, such of the provisions of this Act as relate to matters in respect of which the Parliament of Northern Ireland has power to make laws shall not extend to Northern Ireland.

(9) The enactments mentioned in the Fifth Schedule to this Act are hereby repealed to the extent mentioned in the third column of that Schedule, but in the case of those mentioned in Part II of the Schedule only from the first day of August, nineteen hundred and fifty-six, and in the case of those mentioned in Part III of the Schedule only from the first day of January, nineteen hundred and fifty-seven.

SCHEDULES

Section 1.

FIRST SCHEDULE

TOBACCO (RATES OF DUTY AND DRAWBACK)

PART I

Customs Duties

Description of Tobacco	Rates of duty per pound	
	Full rates	Preferential rates
	£ s. d.	£ s. d.
Tobacco unmanufactured—		
containing 10 lbs. or more of moisture in every 100 lbs. weight thereof—		
unstripped	3 1 2	2 19 7½
stripped	3 1 2½	2 19 7⅞
containing less than 10 lbs. of moisture in every 100 lbs. weight thereof—		
unstripped	3 2 2	3 0 5½
stripped	3 2 2½	3 0 5⅞
Tobacco manufactured, viz.:—		
Cigars	3 11 1	3 8 1⅝
Cigarettes	3 6 8	3 4 3½
Cavendish or Negrohead	3 5 8	3 3 5
Cavendish or Negrohead manufactured in bond	3 3 8	3 1 8½
Other manufactured tobacco	3 3 11	3 1 11½
Snuff—		
containing more than 13 lbs. of moisture in every 100 lbs. weight thereof	3 3 2	3 1 3⅞
containing not more than 13 lbs. of moisture in every 100 lbs. weight thereof	3 5 8	3 3 5

PART II

Excise Duties

Description of Tobacco	Rates of duty per pound
	£ s. d.
Tobacco unmanufactured—	
containing 10 lbs. or more of moisture in every 100 lbs. weight thereof	2 19 5½
containing less than 10 lbs. of moisture in every 100 lbs. weight thereof	3 0 3½
Tobacco manufactured, viz.:—	
Cavendish or Negrohead manufactured in bond ...	3 1 8½

PART III

Drawback

1ST SCH. —*cont.*

Description of Tobacco	Rates per pound	
	In respect of tobacco on which full customs duty has been paid	In respect of tobacco on which customs duty at a preferential rate or excise duty has been paid
	£ s. d.	£ s. d.
Cigars	3 5 6	3 3 11½
Cigarettes	3 2 2	3 0 7½
Cut, roll, cake or other manufactured tobacco	3 1 11	3 0 4½
Snuff (not being offal snuff)	3 1 8	3 0 1½
Stalks, shorts or other refuse of tobacco, including offal snuff ...	3 1 5	2 19 10½

SECOND SCHEDULE

Section 10.

OFFICES AND EMPLOYMENTS (PROVISIONS APPLICABLE TO CASES I, II AND III OF SCHEDULE E)

General

1.—(1) Tax under Case I, II or III shall, except as hereinafter mentioned, be chargeable on the full amount of the emoluments falling under that Case, subject to such deductions only as may be authorised by the Income Tax Acts, and the expression "emoluments" shall include all salaries, fees, wages, perquisites and profits whatsoever.

(2) Tax under Case III shall be chargeable, whether or not tax is chargeable in respect of the same office or employment under Case I or II, but shall not be chargeable on any emoluments falling under Case I or II for the same or another year of assessment (or on any emoluments charged under Schedule E for a year of assessment earlier than the year 1956-57).

Expenses and capital allowances

2.—(1) Subject to the following sub-paragraph, where the emoluments for any duties do not fall under Case I or II, then in relation to those or any other emoluments of the office or employment Chapter II of Part X of, and paragraph 7 of the Ninth Schedule to, the Income Tax Act, 1952, shall apply as if the performance of those duties did not belong to that office or employment.

(2) There may be deducted from any emoluments chargeable under Case III the amount of any expenses defrayed out of those emoluments, and of any other expenses defrayed in the United Kingdom in the year of assessment or in an earlier year in which the holder of the office or employment has been resident in the United Kingdom,

2ND SCH. —*cont.*

being in either case expenses for which a deduction might have been made under the said paragraph 7 from emoluments of the office or employment if they had been chargeable under Case I for the year when the expenses were incurred; but a deduction shall not be twice made, whether under this sub-paragraph or otherwise, in respect of the same expenses from emoluments of the office or employment.

Provisions defining scope of charge

3. For the purposes of Cases I, II and III, a person who is in the United Kingdom for some temporary purpose only and not with the intention of establishing his residence there shall not be treated as resident in the United Kingdom if he has not in the aggregate spent at least six months in the United Kingdom in the year of assessment, but shall be treated as resident there if he has.

4. Where a person ordinarily performs the whole or part of the duties of his office or employment in the United Kingdom, then for the purposes of Cases I and II his emoluments for any period of absence from the office or employment shall be treated as emoluments for duties performed in the United Kingdom, except in so far as it is shown that, but for that absence, they would have been emoluments for duties performed outside the United Kingdom.

5. Where an office or employment is in substance one of which the duties fall in the year of assessment to be performed outside the United Kingdom, then for the purposes of Cases I and II (including the purposes of this Schedule so far as it relates to those Cases), there shall be treated as so performed any duties performed in the United Kingdom the performance of which is merely incidental to the performance of the other duties outside the United Kingdom.

6. For the purposes of Cases I and II (including the purposes of this Schedule so far as it relates to those Cases), the following duties shall be treated as performed in the United Kingdom, namely—

(*a*) the duties of any office or employment under the Crown which is of a public nature and of which the emoluments are payable out of the public revenue of the United Kingdom or of Northern Ireland; and

(*b*) any duties which a person performs on a vessel engaged on a voyage not extending to a port outside the United Kingdom, or which a person resident in the United Kingdom performs on a vessel or aircraft engaged on a voyage or journey beginning or ending in the United Kingdom, or on a part beginning or ending in the United Kingdom of any other voyage or journey.

7.—(1) For any year of assessment for which the double taxation agreements with the Republic of Ireland are in force, any duties of an office or employment performed in that Republic by a person resident in the United Kingdom shall be treated for the purposes of Cases I and II (including the purposes of this Schedule so far as it relates to those Cases) as performed in the United Kingdom, but there shall be deducted from any emoluments chargeable by virtue only of this paragraph any annual interest or any annuity or other annual payment payable out of the emoluments to a person not resident in the United Kingdom.

2ND SCH. —*cont.*

(2) For any such year of assessment, a person resident in that Republic, but not resident in the United Kingdom, shall not be chargeable to tax under Case II.

(3) For any such year of assessment, the emoluments excepted from Cases I and II as foreign emoluments shall not include emoluments of a person resident in the United Kingdom from an office or employment under or with a person, body of persons or partnership resident in that Republic.

(4) In this paragraph, "the double taxation agreements with the Republic of Ireland" means the agreements set out in Part I of the Eighteenth Schedule to the Income Tax Act, 1952.

8. For the purposes of Case III, emoluments shall be treated as received in the United Kingdom if they are paid, used or enjoyed in or in any manner or form transmitted or brought to the United Kingdom, and section twenty-four of the Finance Act, 1953 (under which income applied outside the United Kingdom in payment of debts is, in certain cases, treated as received in the United Kingdom), shall apply as it applies for the purposes of subsection (3) of section one hundred and thirty-two of the Income Tax Act, 1952.

Application of general rules relating to Schedule E

9. The rules relating to Schedule E contained in the Ninth Schedule to the Income Tax Act, 1952, shall not apply for the purposes of Cases I, II and III, except paragraph 2 so far as it relates to persons dying, and paragraphs 7 and 8; and in relation to offices and employments references in the Income Tax Acts to paragraph 1 of the said Ninth Schedule shall be construed as referring to paragraph 1 of this Schedule.

THIRD SCHEDULE

Section 23.

RETIREMENT ANNUITIES (ADJUSTMENTS OF LIMIT ON QUALIFYING PREMIUMS)

PART I

HOLDERS OF PENSIONABLE OFFICE OR EMPLOYMENT

1. Subject to the following paragraphs, in the case of an individual who is the holder of a pensionable office or employment, the proviso to subsection (1) of section twenty-three of this Act shall have effect with the substitution for the references to seven hundred and fifty pounds of references to seven hundred and fifty pounds less one-tenth of his pensionable emoluments for the year of assessment.

2. Where an individual is the holder of a pensionable office or employment during part only of the year of assessment, then—

(*a*) the foregoing paragraph shall not apply if the condition in paragraph (*a*) of subsection (1) of section twenty-two of this Act is not satisfied at any time during that part of the year; but

(*b*) if the condition is satisfied at such a time and is also satisfied at a time during the remainder of the year, the foregoing paragraph shall apply but for one-tenth there shall be substituted therein such less proportion as may be just.

3RD SCH. —*cont.*

3. For the purposes of this Part of this Schedule an individual's pensionable emoluments for any year of assessment shall be taken to be the amount, estimated in accordance with the provisions applicable to Case I of Schedule E, of any income of his for the year (but not including in the case of a married man income of his wife), being either—

(*a*) income arising in respect of remuneration from any pensionable office or employment; or

(*b*) income from any property which is attached to or forms part of the emoluments of any pensionable office or employment.

PART II

PERSONS BORN IN OR BEFORE 1915

4. Subject to the following paragraph, in the case of an individual born at a time specified in the first column of the Table set out below, the proviso to subsection (1) of section twenty-three of this Act and Part I of this Schedule shall have effect with the substitution for the references to seven hundred and fifty pounds and to the fraction one-tenth of references respectively to such sum and to such percentage as are specified for his case in the second and third columns of the Table.

TABLE

Year of birth	*Sum*	*Percentage*
1914 or 1915...	£825	11 per cent.
1912 or 1913...	£900	12 per cent.
1910 or 1911...	£975	13 per cent.
1908 or 1909...	£1,050	14 per cent.
1907 or any earlier year ...	£1,125	15 per cent.

5.—(1) This Part of this Schedule shall not apply in relation to any year of assessment in which the individual, in respect of his past services in any office or employment formerly held by him (not being one in which he served part-time only), either—

(*a*) receives any income in respect of a pension payable under or in pursuance of a sponsored superannuation scheme or otherwise purchased or provided for him by another person; or

(*b*) has a right under a sponsored superannuation scheme to a pension which is not presently payable, whether because it is suspended or because it is to become payable only at a future time or on the happening of some contingency (but not including a right dependent also on service in an office or employment for the time being held by him).

(2) In this paragraph, "pension" includes any superannuation or other allowance or deferred pay.

FOURTH SCHEDULE

Section 29.

PROFITS TAX (PROVISIONS CONSEQUENTIAL ON CHANGE OF RATE OF TAX OR OF RELIEF FOR NON-DISTRIBUTION)

Provisions applying on any change of rate

1.—(1) Where an enactment changes any rate of tax or the rate at which reliefs for non-distribution are to be given, and directs that the change shall have effect as from a particular time, the following provisions shall apply:—

(*a*) the change shall have effect as respects any chargeable accounting period of a trade or business ending after that time;

(*b*) where a period which, apart from this provision, would be a chargeable accounting period of a trade or business falls partly before and partly after that time, it shall be divided so that the parts falling before and after that time shall be separate chargeable accounting periods;

(*c*) in relation to any period so divided paragraph 3 of the Second Schedule to the Finance (No. 2) Act, 1955, shall have effect as it is expressed to have effect in relation to a period divided by section two of that Act.

(2) Nothing in the foregoing sub-paragraph shall affect the operation in relation to any period of the said paragraph 3 as originally enacted.

2. Where, under either of the following provisions of the Finance Act, 1947, that is to say—

(*a*) subsection (4) of section thirty-six (which relates to schemes of amalgamation or reconstruction); and

(*b*) subsection (2) of section thirty-eight (which relates to companies having subsidiaries);

a difference in respect of which a non-distribution relief was given to or in respect of a body corporate is to be treated (in whole or in part) as if it had been a difference arising in relation to another body corporate on which non-distribution relief has been given to that body, then, for the purpose of determining the rate of any distribution charge to be made on the second mentioned body, relief shall be treated as having been given to the second mentioned body on the difference or the relevant part thereof at the rate or rates at which it was given to or in respect of the first mentioned body.

3.—(1) In subsection (3) of section thirty-six of the Finance Act, 1947 (under which the net relevant distributions to proprietors of a body corporate, society or other body are in certain cases treated, on repayment of a loan, as reduced by the amount corresponding to the increase in tax, if any, caused by the loan having previously been treated as part of the body's gross relevant distributions to proprietors), the expression "the amount corresponding to the increase", in relation to any reduction under that subsection, shall, subject to the following provisions of this paragraph, mean the amount tax on which at the current rate of reliefs for non-distribution would be equal to the tax originally ascribable to the loan.

4TH SCH. —*cont.*

(2) Subject as aforesaid, where, for the chargeable accounting period in which a reduction falls to be made, there is a distribution charge (or would be but for the reduction), then in relation to that reduction the expression " the amount corresponding to the increase " in the said subsection (3) shall mean—

(*a*) if the tax originally ascribable to the loan was not greater than the distribution charge which would be made but for the reduction, such amount as will diminish the distribution charge by the amount of that tax; and

(*b*) if the tax originally ascribable to the loan was greater than the distribution charge which would be made as aforesaid, an amount equal to the amount on which the distribution charge would be so made plus the amount tax on which, at the current rate of reliefs for non-distribution, would be equal to the difference between the tax originally ascribable to the loan and the distribution charge.

(3) Where, by reason of a carry-forward under the said subsection (3), a reduction in respect of a repayment falls to be made wholly or partly in a chargeable accounting period after that in which the repayment was made, the reduction in the later chargeable accounting period (and any further carry-forward therefrom) shall be computed in accordance with the foregoing sub-paragraphs as if the repayment or, as the case may be, the part giving rise to the carry-forward to that period had been made in that period.

(4) This paragraph shall apply in relation to loans made before the end of the year nineteen hundred and fifty-one with the substitution for references to the tax originally ascribable to the loan of references to half the amount of that tax.

(5) In this paragraph—

" the current rate of reliefs for non-distribution " means, in relation to any reduction, the rate at which a relief for non-distribution would be given for the chargeable accounting period in which the reduction falls to be made; and

" the tax originally ascribable to the loan " means the amount by which the tax for any chargeable accounting period has been increased by reason of the loan being treated as part of the gross relevant distributions to proprietors for that period.

Provisions applying only to changes under this Act

4. Subsection (3) of section sixty-nine of the Finance Act, 1948, and subsection (2) of section twenty-nine of the Finance Act, 1951 (which provide for a reduction of the tax chargeable on the recipient of certain payments where the payer is a body corporate connected with the recipient or is a statutory undertaker carrying on a public utility concern), shall, in relation to any chargeable accounting period ending after the end of March, nineteen hundred and fifty-six, have effect as if the words " three per cent." were substituted for the words " two-and-a-half per cent." (where they appear in those subsections as amended by paragraph 4 of the Seventh Schedule to the Finance Act, 1952).

5.—(1) If, in the case of any accounting period of a body corporate, unincorporated society or other body beginning before the end of March, nineteen hundred and fifty-six (but not before the end of October, nineteen hundred and fifty-five), the total of the dividends assignable to that period exceeds the governing total, any such dividends declared after the sixteenth day of April, nineteen hundred and fifty-six, shall, to the extent of the excess—

(*a*) in determining the gross relevant distributions to proprietors for the chargeable accounting period beginning at the end of March, nineteen hundred and fifty-six, or for that in which they are paid, whichever is the later, be included as a distribution for that chargeable accounting period;

(*b*) in determining those for any chargeable accounting period other than the one last mentioned, be left out of account.

(2) The governing total for the purposes of sub-paragraph (1) of this paragraph is, in relation to any accounting period of a body corporate, society or other body, the total of the dividends assignable to the immediately preceding accounting period thereof:

Provided that—

(*a*) where the amount of any class of paid-up share capital on which dividends assignable to the preceding accounting period are paid is less than the amount of that class of paid-up share capital on which dividends assignable to the succeeding accounting period are paid, then (subject to sub-paragraph (3) of this paragraph) the dividends on that class of capital assignable to the said preceding period shall, if the person carrying on the trade or business so elects, be treated for the purposes of this sub-paragraph as correspondingly increased; and

(*b*) where the preceding accounting period is longer or shorter than the succeeding accounting period, the total dividends assignable to the said preceding period shall be treated for the purposes of this sub-paragraph as correspondingly reduced or increased.

(3) For the purposes of paragraph (*a*) of the proviso to sub-paragraph (2) of this paragraph, any increase in the amount of any class of paid-up share capital on which dividends are paid shall be disregarded in so far as it represents shares which were previously unissued or not paid up but which have since been issued, or been treated as paid up, wholly or partly in consideration of the retention by the body or society, by way of set-off or otherwise, of sums distributable by way of dividend.

(4) For the purposes of this paragraph, the dividends assignable to any accounting period are those expressed to be paid in respect of that period or any part thereof:

Provided that dividends declared after the sixteenth day of April, nineteen hundred and fifty-six, which either—

(*a*) are not expressed to be paid in respect of any period; or

4TH SCH. —*cont.*

(*b*) are expressed to be paid in respect of, or of part of, an accounting period earlier than that ending with or last before the end of March, nineteen hundred and fifty-six;

are to be treated as assignable to the accounting period in which they are paid.

(5) In this paragraph "dividend" includes an interim dividend, and a dividend shall be treated as being declared—

(*a*) in the case of a dividend declared by a body or society in general meeting, at the date of the declaration;

(*b*) in any other case, at the date on which it is paid:

Provided that—

(i) where a dividend is declared in general meeting in accordance with a recommendation of the directors and the directors' decision to make that recommendation was, with the authority of the directors, publicly announced at an earlier date, the dividend shall, for the purposes of this paragraph, be treated as declared at that earlier date; and

(ii) where a dividend not so declared is paid in accordance with a decision of the directors and that decision was, with their authority, publicly announced at an earlier date, the dividend shall, if the body or society so elects, for the purposes of this paragraph be treated as declared at that earlier date.

6.—(1) Where the dividends of a body corporate, unincorporated society or other body which are assignable to any accounting period beginning before the end of October, nineteen hundred and fifty-five, and were declared before the seventeenth day of April, nineteen hundred and fifty-six,—

(*a*) exceed the governing total for that accounting period; and

(*b*) include dividends declared after the twenty-fifth day of the said month of October, and paid after the beginning of the said month of April;

then, notwithstanding anything in paragraph 4 of the Second Schedule to the Finance (No. 2) Act, 1955, the dividends so declared and paid (if the body or society so elects) shall to the extent of the excess—

(i) in determining the gross relevant distributions to proprietors for the chargeable accounting period ending at the end of March, nineteen hundred and fifty-six, be included as a distribution for that chargeable accounting period; and

(ii) in determining those for any other chargeable accounting period, be left out of account.

(2) Sub-paragraphs (2) to (5) of the said paragraph 4 (which define "the governing total" and other expressions) shall apply for the purposes of this paragraph as they apply for the purposes of that.

FIFTH SCHEDULE

Section 44.

REPEALS

PART I

GENERAL

Session and Chapter	Short Title	Extent of Repeal
11 & 12 Geo. 6. c. 49.	The Finance Act, 1948	In section one, subsections (1) and (2); the First Schedule.
12, 13 & 14 Geo. 6. c. 89.	The Vehicles (Excise) Act, 1949.	In section eleven, subsection (3); in section fifteen, subsection (2).
15 & 16 Geo. 6. & 1 Eliz. 2. c. 10.	The Income Tax Act, 1952.	Section twenty-eight; in section sixty-nine, in paragraph (*b*), the words " any salaries, fees, wages, perquisites or profits of any public office or "; in section one hundred and twenty-two, in paragraph 1 of Schedule D, the word " employment " in both places in sub-paragraph (*a*) and the words " office, employment or " in the proviso; in subsection (2) of section one hundred and thirty-two, the words " office, employment or "; in section one hundred and fifty, in subsections (1) to (7), the word " employment " wherever occurring, and subsection (8); in section one hundred and fifty-six, in Schedule E, the words " in respect of every public office or employment of profit, and " in paragraph 1A (as re-numbered by this Act), the words " office, employment or " in paragraph 2, the word " emoluments " in all places in paragraph 3, and the words " are or " in sub-paragraph (*a*) of paragraph 3; subsection (1) of section two hundred and seventy-eight from the word " or " at the end of paragraph (*a*) onwards, except as respects allowances and charges for years earlier than the year 1956–57; section three hundred and eighty-three; in section four hundred and twenty-three, in subsection (6), the words from " including " to " 1925 "; in section four hundred and twenty-four, para-

5TH SCH. —*cont.*

Session and Chapter	Short Title	Extent of Repeal
15 & 16 Geo. 6. & 1 Eliz. 2. c. 10—*cont.*	The Income Tax Act, 1952—*cont.*	graph (*d*) of subsection (1), and subsection (2); in section four hundred and twenty-five, in paragraph (*a*) of subsection (4), the words " and the amount of any profits arising from the granting of annuities on human life "; in the Ninth Schedule, in paragraph 1 the words " having or exercising an office or employment of profit mentioned in Schedule E, or " and the words " salaries, fees, wages, perquisites or ", paragraph 2 except the words " if, during the year of assessment, any person chargeable dies, his executors or administrators shall be liable for tax in respect of the period during which he held or exercised the office or employment ", in paragraph 4 the words " salary, fees or " wherever occurring, paragraph 5, in paragraph 6 the words " on receipt of the emoluments of any office or employment of profit, or " and the words " or on passing the accounts of the office ", in paragraph 9 the words " any salary, fees, wages, perquisites or other profits or " in sub-paragraph (3), paragraphs 10 to 12, in paragraph 14 the words " any emoluments of any office or employment of profit, or ", paragraph 15 and sub-paragraph (2) of paragraph 16; in the Eighteenth Schedule, in paragraph 2 of Part III, the words " office, employment or " in paragraph (*b*) of sub-paragraph (2).
15 & 16 Geo. 6. & 1 Eliz. 2. c. 44.	The Customs and Excise Act, 1952.	In section one hundred and forty-nine, in subsection (6), paragraphs (*c*) and (*d*) and the proviso.
2 & 3 Eliz. 2. c. 44.	The Finance Act, 1954	Subsection (2) of section sixteen from the word " and " at the end of paragraph (*b*) onwards, except as respects allowances and charges for years earlier than the year 1956–57.
4 & 5 Eliz. 2. c. 17.	The Finance (No. 2) Act, 1955.	Paragraph 2 of the Second Schedule.

PART II

REPEALS EFFECTIVE FROM 1ST AUGUST, 1956

Session and Chapter	Short Title	Extent of Repeal
10 Edw. 7 & 1 Geo. 5. c. 8.	The Finance (1909–10) Act, 1910.	The proviso to section seventy-three.
1 & 2 Geo. 5. c. 2.	The Revenue Act, 1911	Section fifteen.
11 & 12 Geo. 6, c. 49.	The Finance Act, 1948	Section seventy-two.
12, 13 & 14 Geo. 6. c. 47.	The Finance Act, 1949	In section thirty-six, subsections (1) to (3).
15 & 16 Geo. 6 & 1 Eliz. 2. c. 33.	The Finance Act, 1952	Section seventy-three.

PART III

REPEALS EFFECTIVE FROM 1ST JANUARY, 1957

Session and Chapter	Short Title	Extent of Repeal
12, 13 & 14 Geo. 6. c. 89.	The Vehicles (Excise) Act, 1949.	In section twenty-seven, in subsection (1), the definitions of "electricity undertaking", "electric transport undertaking" and "gas undertaking", paragraph (*a*) of the definition of "tower wagon", and the words "except for the purpose of the definition of 'tower wagon' and 'gas undertaking'" in the definition of "gas".

Table of Statutes referred to in this Act

Short Title	Session and Chapter
Policies of Assurance Act, 1867	30 & 31 Vict. c. 144.
Stamp Act, 1891	54 & 55 Vict. c. 39.
Finance Act, 1894	57 & 58 Vict. c. 30.
Merchant Shipping Act, 1894	57 & 58 Vict. c. 60.
Friendly Societies Act, 1896	59 & 60 Vict. c. 25.
Finance (1909–1910) Act, 1910	10 Edw. 7. & 1 Geo. 5. c. 8.

Table of Statutes referred to in this Act

Short Title	Session and Chapter
Revenue Act, 1911	1 & 2 Geo. 5. c. 2.
Finance Act, 1921	11 & 12 Geo. 5. c. 32.
Safeguarding of Industries Act, 1921	11 & 12 Geo. 5. c. 47.
Settled Land Act, 1925	15 & 16 Geo. 5. c. 18.
Finance Act, 1930	20 & 21 Geo. 5. c. 28.
Import Duties Act, 1932	22 & 23 Geo. 5. c. 8.
Ottawa Agreements Act, 1932	22 & 23 Geo. 5. c. 53.
Finance Act, 1937	1 Edw. 8. & 1 Geo. 6. c. 54.
Finance Act, 1938	1 & 2 Geo. 6. c. 46.
House of Commons Members' Fund Act, 1939	2 & 3 Geo. 6. c. 49.
National Loans Act, 1939	2 & 3 Geo. 6. c. 117.
Finance Act, 1940	3 & 4 Geo. 6. c. 29.
Finance (No. 2) Act, 1940	3 & 4 Geo. 6. c. 48.
Pensions (Increase) Act, 1944	7 & 8 Geo. 6. c. 21.
Income Tax Act, 1945	8 & 9 Geo. 6. c. 32.
Finance (No. 2) Act, 1945	9 & 10 Geo. 6. c. 13.
Pensions (Increase) Act, 1947	10 & 11 Geo. 6. c. 7.
Finance Act, 1947	10 & 11 Geo. 6. c. 35.
Companies Act, 1948	11 & 12 Geo. 6. c. 38.
Finance Act, 1948	11 & 12 Geo. 6. c. 49.
Finance Act, 1949	12, 13 & 14 Geo. 6. c. 47.
Vehicles (Excise) Act, 1949	12, 13 & 14 Geo. 6. c. 89.
Finance Act, 1951	14 & 15 Geo. 6. c. 43.
Income Tax Act, 1952	15 & 16 Geo. 6. & 1 Eliz. 2. c. 10.
Finance Act, 1952	15 & 16 Geo. 6. & 1 Eliz. 2. c. 33.
Customs and Excise Act, 1952	15 & 16 Geo. 6. & 1 Eliz. 2. c. 44.
Pensions (Increase) Act, 1952	15 & 16 Geo. 6. & 1 Eliz. 2. c. 45.
Finance Act, 1953	1 & 2 Eliz. 2. c. 34.
Historic Buildings and Ancient Monuments Act, 1953	1 & 2 Eliz. 2. c. 49.
Pensions (Increase) Act, 1954	2 & 3 Eliz. 2. c. 25.
Finance Act, 1954	2 & 3 Eliz. 2. c. 44.
Trustee Savings Banks Act, 1954	2 & 3 Eliz. 2. c. 63.
Town and Country Planning Act, 1954	2 & 3 Eliz. 2. c. 72.
Town and Country Planning (Scotland) Act, 1954	2 & 3 Eliz. 2. c. 73.
Pensions (India, Pakistan and Burma) Act, 1955	3 & 4 Eliz. 2. c. 22.
Finance (No. 2) Act, 1955	4 & 5 Eliz. 2. c. 17.
Pensions (Increase) Act, 1956	4 & 5 Eliz. 2. c. 39.

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